



The Authority of the Village Government in Managing Bumdes to Realize the Welfare of Village Communities

Jevi Hardi Sofyan

Indonesia

E-mail: jevihardisofyanaja@gmail.com

<http://dx.doi.org/10.18415/ijmmu.v11i7.5785>

Abstract

Based on one of the obligations of the village head, namely, to improve the welfare of the community, it is clear that the role of the village head is to help the community in building a more independent and advanced society in the very important area of the community economy. The role of the village head in the field of community economic development, especially in this case, is focused on the village community, such as carrying out coordination, evaluating all the results of activities and businesses in the village, as well as accountability, which are the main factors in the economic development of the village community. The problem formulation in this research is (1)What is the authority of the Village government in managing BUMDes to realize the welfare of village communities?(2)What are the Village Government's obstacles in managing BUMDes to realize the welfare of village communities? The method used in this research is descriptive qualitative. Sources obtained from laws, journals, books and related articles. The results of this research areThe role of the Village Head is very important as a helper and supporter in running the Village BUM, especially when there is inadequate human resource capacity in the village to run the Village BUM program. The role of the Village Head is needed starting from the initial establishment, selecting the type of business, assistance in implementing activities and when a situation that is not conducive occurs, the Village Head can take over the operational implementation of the Village BUM. The village government plays a strategic role in strengthening BUMDes.Village Government obstacles in managing BUMDes to realize the welfare of village communities, namelyVillage Government has not yet optimally managed Village-Owned Enterprises. This is demonstrated by the following indicators: Lack of management of BUMDes by the Village Government; There is no innovation carried out by the Village Government in increasing the competitiveness of BUMDes. There is still a lack of socialization carried out by the Village Government to the community regarding the functions, duties and objectives of BUMDes; The lack of community participation in using BUMDes services has become an inhibiting factor in the development of BUMDes.

Keywords: *Role of Village Head; BUMDes; Welfare*

Introduction

National development is one way to improve community welfare. As stated in the 4th paragraph of the preamble to the 1945 Constitution, improving the welfare of society is one of the goals of the Indonesian State.¹ The realization of prosperity is primarily achieved through planned, comprehensive and long-term development plans (Hendri, 2020). With planned development, it will help villages and other disadvantaged areas to build independence in improving the welfare of society in a fair and equitable manner. This is important because villages are areas with the highest poverty rates in Indonesia.

Based on data from the Central Statistics Agency (BPS), as of March 2023, the poverty rate in urban areas has reached 7.29 percent or 11.74 million people. Meanwhile in rural areas it is still 12.22 percent or 14.16 million people.² Eliminating extreme poverty is one of Indonesia's commitments as stated in the Presidential Instruction of the Republic of Indonesia (Inpres) no. 4 of 2022 concerning the Acceleration of the Elimination of Extreme Poverty and also the Sustainable Development Goals/SDGs which targets the elimination of extreme poverty by 2030. Extreme poverty is defined as the condition of a person living with expenses of less than US\$1.9 per day or the equivalent of approximately IDR 45,000 per day. According to data from the Central Statistics Agency (BPS), the rate of extreme poverty in Indonesia continues to decline from year to year. In March 2022, the percentage of extreme poverty was 2.04%, then fell to 1.74% in September 2022, and 1.12% in March 2023. It is estimated that by the end of 2023, the extreme poverty rate will fall again to 0.5 %.³

A village is a legal community unit that has territorial boundaries that has the authority to regulate and manage government affairs, the interests of local communities 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.⁴ The authority possessed by villages includes authority based on rights of origin, village-scale local authority, authority assigned by the government, provincial regional government, district/city regional government.⁵ With the position and authority of the village, the village government is expected to play a role in efforts to build and improve the welfare of village communities, for example by optimizing potentials that can improve the quality of the community's economy.⁶ Some village potentials that can be used to improve the community's economy include agriculture, animal husbandry, local industry and tourism.⁷ The aim of improving the management of village potential is to improve the standard of living of village communities, where the majority of village communities have a low level of livability, therefore one of the aims of increasing village potential which is managed by the village itself is so that it can raise the standard of living of village communities and create village resilience and independence.⁸ Apart from that, increasing the village's potential in utilizing natural resources is aimed at equalizing community income and is managed directly by the village government as the authority holder at the village level.⁹

Law Number 6 of 2014 concerning Villages (Village Law) has the opportunity to give villages the authority to manage village potential optimally and participatively. One of them is managing the

¹Ahmad Hunaeni Zulkarnaen. 2016. Vulnerable Problems in Industrial Relations and the Concept of the Indonesian Welfare State. *Pulpit Justitia Journal*. Vol. II No. 02

²<https://www.kompas.id/baca/opini/2024/01/04/kemiskinan-perdesaan>

³https://berkas.dpr.go.id/pusaka/files/isu_sepekan/Isu%20Sepekan---III-PUSLIT-Januari-2024-242.pdf

⁴Kiki Endah. 2020. Community Empowerment: Exploring Local Village Potential. *MODERATE Journal*, Volume 6, Number 1

⁵Puasa, Rafly Rilandi, Johny Lumolos, and Neni Kumayas. "The Authority of the Village Government in Improving the Economy in Mahangiang Village, Tagulandang District, Sitaro Islands Regency." *Executive Journal* 1.1 (2018). 12-23

⁶Ichwan, Saiful. "Implementation of Village Government Administration." *Noken Journal: Social Sciences* 5.1 (2019): 81-98.

⁷Zainudin, Arif. "Institutional Model of Village Government." *JIP (Journal of Government Science): Study of Government and Regional Politics* 1.2 (2016): 338-351.

⁸Suranny, Lilyk Eka. "Development of Tourism Village Potential in the Context of Improving the Rural Economy in Wonogiri Regency." *Sukowati Research and Development Journal: Research and Development Media* 5.1 (2021): 49-62.

⁹Soleh, Ahmad. "Village Potential Development Strategy." *Sungkai Journal* 5.1 (2017): 32-52.

budget which can be realized in the form of a Village-Owned Enterprise or what we usually call BUMDes. BUMDes is a business entity where all or most of the capital is owned by the village through direct participation originating from village assets which are separated in order to manage assets, services and other businesses as much as possible. The welfare of one society. This means that BUMDes as business institutions have a great opportunity to manage local potential using local wisdom. BUMDes and waste management are adjusted to local needs. Management is adapted to community needs. So that BUMDes will increasingly be adapted to community needs. So even though BUMDes exists in the form of a business entity which in fact seeks profit, BUMDes must also be an institution that carries out a social mission.¹⁰

This can be seen from the role of the village head in supervising and coordinating business activities within a village¹¹. Apart from that, the role of the village head as a community servant and community protector is one of the keys to increasing the level of life of the community, especially in the economic sector. Based on one of the obligations of the village head, namely, to improve the welfare of the community, it is clear that the role of the village head is to help the community in building a more independent and advanced society in the very important area of the community economy. The role of the village head in the field of community economic development, especially in this case, is focused on the village community, such as carrying out coordination, evaluating all the results of activities and businesses in the village, as well as accountability, which are the main factors in the economic development of the village community.¹²The role of the village head in coordinating and evaluating all activities or businesses in the village is also very important in improving the quality of village business management, such as in the management of Village-Owned Enterprises (BUMDes).

Village-Owned Enterprises (BUMDes) from a legal perspective, in the Regulation of the Minister of Villages, Development of Underdeveloped Regions and Transmigration of the Republic of Indonesia Number 4 of 2015 concerning the Establishment, Management and Management and Dissolution of Village-Owned Enterprises, in Article 1 paragraph 2 mentions Village-Owned Enterprises, hereinafter referred to as Village BUM, is a business entity whose capital is wholly or largely owned by the village through direct participation originating from separated village assets in order to manage assets, services and other businesses for the greatest welfare of the village community. Bumdes play a role in encouraging village economic growth, expanding equitable distribution of development and its results including business opportunities and employment opportunities, which with the existence of regulations governing BUMDes, makes BUMDes have a clear and valid legal source so that they can be held accountable in accordance with the law. applies, where the existence of this regulation makes it possible for villages to develop their villages by establishing BUMDes¹³

BUMDes are expected to generate profits, and some of the profits are included in the Village Revenue and Expenditure Budget (APBDes) as a source of original village income (PADes).¹⁴It is important to remember, at that time the APBDes was very low, so it was too difficult to capitalize BUM Desa. Until the issuance of Law Number 6/2014 concerning Villages, only 8,189 BUM Desa had been formed. The village fiscal landscape has changed since village funds poured into the APBDes starting in 2015. In 2014, exactly a year before village funds were released, the average APBDes amounted to IDR

¹⁰ Nur Cahyadi, Alif Sulthon Basyari. 2023. Bumdes Development Strategy Through Optimizing Village Land as a Form of Income Increase. Your dedication. (Journal of Community Service) Volume 5, Number 2,

¹¹ Khairul Agusliansyah. The Role of the Village Head in Managing Village-Owned Enterprises (Bumdes) in Jemparing Village, Long Ikis District, Paser Regency. eJournal of Government Science, 2016, 4 (4): 1785-1796

¹² Koho, I.R. (2022). The Role of Village Heads in Managing Owned Enterprises. Lens, 16(2), 32–39.

¹³ Ash-shidiqqi, E., & Lusia Indrastuti. (2022). Revitalization of Bumdes Institutions in an Effort to Increase Village Independence and Resilience. El-Wasathiya: Journal of Religious Studies, 10(01), 125-139.

¹⁴ Kholilah Dzati Izzah, Lala M Kolopaking. 2020. Benefits of Village-Owned Enterprises and the Welfare of Lower-Level Communities (Study in Ponggok Village, Polanharjo District, Klaten Regency, Central Java Province). Journal of Communication Science and Community Development [JSKPM], Vol. 4(1):37-54

329 million per village. In comparison, in 2023 the value will increase to an average of IDR 1.67 billion / village. In line with this, the number of BUM Desa also increased.

Until 2020, there were 51,134 BUM Desa present. The birth of this public legal entity was quickly followed by the publication of a series of Village BUM regulations. The regulations cover the position and role of BUM Desa for villages (PP 11/2021), new procedures for establishing BUM Desa (Permendes 3/2021), the transformation of the former PNPM Mandiri Rural UPK into BUM Desa Bersama lkd (Permendes 15/2021), as well as the acquisition process legal entity number (Permenkumham 40/2021). This regulation is equipped with guidelines for preparing financial reports that can be checked by public accountants (Kepmendes 136/2022). Also, the BUM Village ranking is to make it easier for various parties to determine the choice of level of business cooperation and credit (Decree of Minister of Village 145/2022 and Decree of Minister of Village 7/2023). BUM Desa's business horizons expand, even exceeding the authority of the village government. Among other things, BUM Desa emerged as a separate legal entity to obtain a Business Identification Number (NIB).

Documents issued by the Online Submission System (OSS) from the Investment Coordinating Board/BKPM (PP 5/2021, Perka BKPM 3/2021, Perka BKPM 4/2021, Perka BKPM 5/2021). The regulations also expand BUM Village business permits for businesses using water resources, as well as using parts of toll and non-toll roads. BUM Desa can manage businesses using forest areas, processing forest products and small-scale logs (PP 23/2021, Minister of Environment and Forestry Regulation 7/2021). BUM Desa also collaborates in the business of managing people's markets (PP 29/2021, Permendag 21/2021), as well as working together to run motor vehicle type testing and terminal operations (PP 30/2021, Permenhub 23/2021, Permenhub 24/2021).

In order to guide the village's steps through the thicket of new regulations, the interoperability of BUM Desa data and information is centralized on the BUM Desa website at the PDTT Village Ministry. Data collaboration was carried out with the Ministry of Law and Human Rights, BKPM, Directorate General of Taxes, Ministry of Finance, Government Goods and Services Procurement Policy Institute (LKPP). BUM Desa 2024. Now, 65,941 BUM Desa have been born. 5,550 BUM Desa Bersama were also born, among the 2,391 BUM Desa Bersama LKD as a result of the transformation of the Financial Management Unit of the former National Program for the Empowerment of Independent Rural Communities. Until the sun rises on BUM Desa Nusantara Day 2024, official name registration with the PDTT Village Ministry has reached 52,776 BUM Desa, 5,550 BUM Desa Bersama, of which 2,391 BUM Desa Bersama lkd.

The role of the village head in supervising and coordinating business activities within the village, apart from that, the role of the village head as a community servant and community protector is one of the keys to increasing the level of life of the community, especially in the economic sector.¹⁵ Based on one of the obligations of the village head, namely, improving the welfare of the community, it is clear that the role of the village head is to help the community in building a more independent and advanced society in the very important area of the community economy. The problem formulation in this research is:

1. What is the authority of the Village government in managing BUMDes to realize the welfare of village communities?
2. What are the Village Government's obstacles in managing BUMDes to realize the welfare of village communities?

¹⁵Hidayati, U. (2021). Analysis of the Village Head's Leadership Style in Supporting the Management of Village-Owned Enterprises (Case Study of BUMDesa Long Jinawi, Galengdowo Village, Wonosalam District, Jombang Regency). National Seminar on Management, Economics and Accounting, 6(1), 1487–1495

Discussion

1. The Authority of the Village Government in Managing BUMDes to Achieve Village Community Welfare

BUMDes Village-Owned Enterprise is a Village business institution managed by the Village government and the community with the aim of strengthening the Village economy and formed in accordance with the needs, economic and socio-cultural conditions of the community. The presence of BUMDes must be able to accommodate, consolidate and facilitate village economic business activities.¹⁶ Businesses chosen by the Village are also not allowed to threaten the economic activities of the Village community. Based on Law No. 6 article 1, Village-Owned Enterprises, hereinafter referred to as BUMDes, are business entities whose capital is wholly or largely owned by the village which originates from village assets which are separated to manage assets, services and other businesses for the greatest welfare. villagers. BUMDes includes strengthening organizational management, promotion and contribution to village income.¹⁷

According to Law of the Republic of Indonesia no. 6 of 2014 concerning villages, the village government is the village head or what is called by another name, assisted by village officials as an element of administering government affairs and the interests of local communities in the NKRI government system. The highest office holder is held by the village head and has village staff who supervise village officials in supervising the implementation of village government. The aim of the Village Government is to be able to mobilize the community in development and realize community independence and empowerment. Apart from that, it is also able to improve the Village Economy.

Guidelines for managing BUMDes based on village potential and needs are one way or guideline so that the village economy can increase through original village income and the economic welfare of village communities. The legal basis used as a guideline for carrying out professional BUMDes governance is one of the important requirements for BUMDes to run well. There are (four) main agendas that need to be carried out to optimize the role of BUMDes,¹⁸

- a. Institutional development and strengthening
- b. Strengthening capacity (capacity building), including empowerment, training and facilitation in stages;
- c. Strengthening the market, after BUMDes is established, it is hoped that they will collaborate with third parties, expand the market, and gain access to various resources;
- d. Sustainability includes organizing, advocacy forums and promotion so that the ideal BUMDes form can be obtained and increasingly receive support from various groups, especially the community and the business world.

The Village Government consists of the Village Head and village officials as the implementing elements of village government. As a regulator, the role of the Village Government is to set the direction of development through the issuance of regulations, providing basic guidelines to the community as a tool to regulate all activities related to the implementation of empowerment. The Government's dynamic role involves efforts to mobilize community participation when facing obstacles in the development process, with the aim of encouraging and maintaining the dynamics of regional development. The government

¹⁶Muammar Alkadafi, Strengthening Community Economy Through Institutional Management of Village-Owned Enterprises Towards Asean Economic Community 2015. *Elriyasa Journal* 5(1)

¹⁷Mia Hardiani, Muhamad Rifandi. 2023. Effectiveness of Management of Village-Owned Enterprises in Increasing Original Income of Sidomoyo Village, Godean District, DI Yogyakarta. *Maneksi Journal* Vol 12, No. 1,

¹⁸Edy Yusuf Agunggunanto, Fitri Arianti, Edi Wibowo, Kushartono Darwanto. 16. Independent Village Development Through Management of Village-Owned Enterprises (BUMDes). *Journal of Economic and Business Dynamics* 13(1)

carries out its role by providing intensive and effective guidance and direction to the community. Generally, this guidance is implemented through extension teams or special institutions.

In an effort to improve the village economy and utilize local potential, Village-Owned Enterprises (BUMDes) are operated by the community and village government. BUMDes are expected to have a unique and different role compared to other economic institutions, because their contribution is expected to significantly improve the welfare of village residents.¹⁹In accordance with Government Regulation No.6 of 2014 concerning villages and the Village Law, villages are considered social, political and cultural entities that depend on natural and human resources.

Village-Owned Enterprises (BUMDes) are business entities at the village level that are managed by the community and village government with the aim of strengthening the village economy and their formation is based on local needs and potential. BUMDes is directed to become a driving force for the village economy that is managed professionally.²⁰They are expected to be able to utilize Village Law policies to initiate innovative projects in village development, especially in efforts to improve village welfare and economy. It is hoped that the use of village finances can be a means of strengthening the village economy. In accordance with the Regulation of the Minister of Villages, Development of Disadvantaged Regions and Transmigration Number 4 of 2015 which regulates the Establishment, Management, Management and Dissolution of Village-Owned Enterprises, and is supported by Takalar Regency Regional Regulation Number 05 of 2015 concerning Village-Owned Enterprises, BUMDes was established, among other things, with the aim of improving the village economy. BUMDes as a newly formed entity requires attention, guidance and supervision so that it does not just become an annual project or activity that is forgotten after one year has passed, and then not budgeted for in the following year, resulting in its natural death. The Ministry of Villages needs to design a strategy to make BUMDes a village initiative that is sustainable, productive, provides benefits, and can be independent despite changes in ministers and presidents. It is important to remember that BUMDes belongs to the village, not the village ministry, so its progress and success really depends on the commitment and involvement of the village itself.

The main role of the Village Head in Village BUM based on Republic of Indonesia Government Regulation No. 11 of 2021 concerning Village-Owned Enterprises is as an advisor, where the Village Head can delegate and give authority to other parties to carry out the advisory function. As an advisor, the Village Head has the authority to, together with operational implementers and supervisors, discuss and agree on the joint BUM Desa/BUM Desa household budget and/or amendments thereto; together with the supervisor, review the operational implementation plan to be submitted to the work program plan submitted by the Village Deliberation/Inter-Village Deliberation; determine the permanent dismissal of operational implementers in accordance with the decisions of the Village Deliberation/Inter-Village Deliberation; in certain circumstances, temporarily suspend operational implementers and take over the operational implementation of BUM Desa or joint BUM Village; together with operational implementers and supervisors, prepare and submit financial analysis, activity plans and needs in the context of planning additional capital for the Village and/or Village community to be submitted to the Village Deliberation/Inter-Village Deliberation; reviewing the implementation report on joint BUM Desa/BUM Desa business management by the operational implementer and the supervision report by the supervisor before submitting it to the Village Deliberation/Inter-Village Deliberation in the financial report; determine acceptance or ratification based on the decision of the annual BUM Village/BUM Desa Joint

¹⁹ *Novia Cahyaningrum, Tukiman Tukiman.2020.Village-Owned Enterprises (BUMDes) Strategy in Developing Ghanjaran Park Tourism in Ketapaname Village, Trawas District, Mojokerto Regency. Batanghari University Jambi Scientific Journal 22(2)*

²⁰ *Mila Sastika, Chuzaimah Batubara. 2023. Opportunities for Development of Management of Village-Owned Enterprises (BUMDES) Based on Sharia Economics as a Solution for Fair Village Development. Journal of Computer Science, Economics and Management (JIKEM) Vol. 3 No. 2:3268-3281*

Village/Inter-Village Deliberation Report Deliberation; together with the supervisor, give approval for the BUM Desa/BUM loan as stipulated in the Articles of Association of BUM Desa/BUM Desa Bersama; together with the supervisor, give approval for the cooperation between BUM Desa/BUM other parties as stipulated in and/or certain forms of cooperation with the Village together with the value, amount of investment, the Articles of Association of BUM Desa/BUMDesa Bersama

Conceptually for the village government, if BUMDes can be managed well, then the village's original income (PADes) will also increase. By increasing PADes, the development process and welfare will be able to increase.²¹ However, to make this happen, it is necessary to pay attention to the management of BUMDesa properly and professionally. (Wowor et al., 2019). The limited and low quality of human resources has an impact on the BUMDesa management process provided to the community. This process not only has an impact on management but is a basis for the community to know to what extent this BUMDesa can provide services to its community. (Agusliansyah, 2016). Therefore, the selected BUM Desa management must have a high fighting spirit, a strong will to succeed and have the ability to work together so that they can bring progress to the BUM Desa business units they oversee so that it is hoped that the income obtained from BUM Desa activities can also bring prosperity. and provides motivation for BUM Village Management to continue working.

The role of village government in managing BUMDes involves the establishment and active participation in supervising programs run by BUMDes for the purpose of community development and empowerment²². The involvement of village officials in managing BUMDes includes the functions of monitoring, controlling and evaluating various programs implemented by BUMDes. Village officials are tasked with carrying out their functions, authority and responsibility to manage and carry out community aspirations, especially in efforts to develop BUMDes.

There are roles of village government which can be classified into two aspects, namely:

1. Guidance and Supervision Aspects

The village government has the responsibility to develop and supervise BUMDes so that they can be managed transparently, accountably and in accordance with regulations in the development of guidance and supervision²³. The aim of this step is to ensure that BUMDes are managed well and provide benefits to village communities. Guidance and supervision is carried out through training and mentoring programs for BUMDes administrators and employees. This program aims to improve their abilities in managing BUMDes, covering various materials such as management of transparency and accountability of financial reports, as well as assessing the success of BUMDes in achieving its goals. Consultations are also provided regarding management, marketing, financial and legal issues.

2. Aspects of Providing Capital Assistance and Providing Facilities and Infrastructure

BUMDes have the opportunity to receive capital assistance from the village government to support their business development, which can be in the form of grants, loans or capital participation²⁴. Apart from that, the village government has a role in providing facilities and infrastructure to support BUMDes Mulyorejo activities, such as land, buildings and business equipment. It is hoped that these facilities and infrastructure can provide support for BUMDes in running their businesses. Based on the

²¹Wowor, M., Singkoh, F., & Waworundeng, W. (2019). Management of Village-Owned Enterprises (Bumdes) in Increasing Original Income in Kamanga Village, Tompasso District. *Executive Journal*, 3(3).

²²Pebi Hartati, Mulia Amirulloh, & Eris Munandar. (2023). The Role of Compromising Village-Owned Enterprises (Bumdes) in Community Economic Empowerment in Bojongkondang Village, Langkaplancar District, Pangandaran Regency. *Consensus: Journal of Economics, Management and Accounting*, 2(4), 630–640.

²³SIMBOLON, Besti Rohana; KEMIT, Metehsa; SURBAKTI, Egi Natalius. The Role of the Subdistrict Head in Guiding Village Heads to Allocate Village Funds in Tigapanah District. *Journal of Governance Opinion*, 7(1):40-45,

²⁴Lestari PA, Hapsari ANS. 2020. The Role of Achieving the Goals of BUMDes Mandiri Jaya in Managing Funds in Sepakung Village, Semarang Regency; 4(2):149-64.

research results, it was revealed that the village government had designed a strategy for developing BUMDes, which included the following steps:

- a. Formulation of a BUMDes Development Plan The village government is expected to design a clear and measurable plan for the formation of BUMDes. This planning must include goals, targets, strategies and indicators of success in developing BUMDes.
- b. Implementation of Socialization and Education to the Community The village government is advised to carry out outreach and education activities to the community regarding BUMDes. This socialization and education aims to increase the community's understanding of BUMDes and the role they have in the BUMDes development process.
- c. Developing Collaboration with Other Parties Village governments have the potential to foster collaboration with various parties, including regional governments, the private sector and non-governmental organizations, in the context of developing BUMDes. Forms of cooperation can include activities such as training, mentoring and providing capital assistance.

The village government designs a comprehensive strategy to develop Village-Owned Enterprises (BUMDes). This strategy involves formulating a BUMDes development plan with goals, targets, strategies and measurable success indicators. Apart from that, the village government also encourages outreach and education to the community regarding BUMDes to increase their understanding and identify the roles they can take in BUMDes development.²⁵ Furthermore, the potential for cooperation with other parties, such as regional governments, the private sector and non-governmental organizations, is established to support the development of BUMDes through activities such as training, mentoring and providing capital assistance. Overall, these steps reflect the village government's commitment to advancing BUMDes Mulyorejo and strengthening synergy between the government and the community in supporting economic development at the village level.

2. Establishment of Village-Owned Enterprises (BUMDes)

Based on the Regulation of the Minister of Villages, Development of Disadvantaged Regions and Transmigration Number 4 of 2015, the establishment of BUMDesa aims to:

- a. Improving the Village economy;
- b. Optimizing Village assets so that they are useful for Village welfare;
- c. Increasing community efforts in managing the Village's economic potential;
- d. Develop business cooperation plans between villages and/or with third parties;
- e. Creating opportunities and market networks that support citizens' public service needs;
- f. Opening employment opportunities;
- g. Improving community welfare through improving public services, growth and equitable distribution of the Village economy; And
- h. Increase village community income and village original income.

3. Management and Management of Village-Owned Enterprises (BUMDes)

There are six basic principles of BUMDes management, including:

- a. Cooperative All components involved in BUMDes must be able to collaborate well for the development and survival of their business.
- b. Participative All components involved in BUMDes must be willing to volunteer or be asked to provide support and contributions that can encourage the progress of BUMDes businesses.

²⁵Benuara Jaya, Entang Adhy Muhtar and Darto. 2021. Strategic Planning for Village Development in the Context of Developing Local Economic Potential. *Socio Humanities Science Journal* P-ISSN: 2580-1244 Volume 5 Number 2

- c. Emancipatory All components involved in BUMDes must be treated equally regardless of class, ethnicity and religion, because society has the same rights.
- d. Transparent Activities that affect the interests of the general public must be known to all levels of society easily and openly.
- e. Accountability All business activities must be technically and administratively accountable to authorized institutions and the public.
- f. *Sustainable* Business activities must be able to be developed and preserved by the community within the BUMDes forum in a sustainable manner.

4. Village Owned Enterprise Management Strategy (BUMDes)

According to the Regulation of the Minister of Villages, Development of Disadvantaged Regions and Transmigration Number 4 of 2015, the BUMDes management strategy is gradual by considering the development of innovations carried out by BUMDesa, including:

- a. Socialization and learning about BUMDesa;
- b. Implementation of Village deliberations with the subject of BUMDesa;
- c. Establishment of BUMDes which run social business and rental business.
- d. Analysis of the feasibility of BUMDes businesses oriented towards brokering, joint ventures (holding), social businesses, financial businesses and trading, rental businesses including technical and technological aspects, aspects management and human resources, financial aspects, socio-cultural, economic, political, business and environmental aspects, legal entity aspects, and business planning aspects;
- e. Development of strategic partnership cooperation in the form of BUMDesa cooperation between villages or cooperation with the private sector, community socio-economic organizations, and/or donor institutions;
- f. Business diversification in the form of BUMDesa which is oriented towards financial business and joint ventures (holding).

5. Village Government Obstacles in Managing Bumdes to Achieve Village Community Welfare

In its management, there are several obstacles faced which can hinder efforts to realize the welfare of the village community. These obstacles include, BUMDes not providing loan funds, limited human resources, the level of community knowledge, and the lack of education carried out by the government regarding the existence of BUMDes funds.²⁶

a. BUMDes Does not Provide Loan Funds

One of the obstacles for BUMDes in efforts to realize the welfare of village communities is the limited access of the community to obtain loans, especially for people who do not have a business. Many people want to borrow BUMDes funds but do not have a permanent business, so this becomes an obstacle if the existence of BUMDes is intended to realize social welfare. Meanwhile, another difficulty faced by BUMDes managers is the lack of community participation in paying BUMDes funds that have been borrowed, even forgetting to pay so that they are due makes the circulation of BUMDes funds hampered. BUMDes only provides funds for people who already have a business, so that people who don't have one businesses will be hampered in obtaining loan funds.

The importance of financial literacy as a means of improving the quality of financial management and decision making through knowledge, confidence and skills. Increased rescheduling (re-scheduling) or

²⁶ Yanti, A., & Rahmiati, R. (2020). Management of Bumdes in Realizing Community Welfare in Kalebentang Village, Takalar Regency. *Siyasatuna: Siyasaah Syar'iyah Student Scientific Journal*, 1(3), 477-484

legal efforts to make changes to several terms of credit agreements, reconditioning of terms regarding the number of installments and credit terms with the aim of clarifying loan terms and repayment without providing additional credit and credit restructuring is an improvement effort carried out by BUMDes parties in credit activities for debtors who experience difficulties in fulfilling their obligations

b. Human Resources

Another obstacle faced in managing BUMDes is limited resources, both quantity and quality. In fact, the quantity and quality of human resources will greatly determine the success of BUMDes management. Implementing BUMDes management requires people who are able to communicate well and have the ability to provide input in managing BUMDes funds. The level of education supports the management of BUMDes, currently the requirement to become a BUMDes manager/member is at least a high school (SMA) graduate.

Improving the Quality of Human Resources. The development of increasingly advanced technology must be accompanied by an increase in the quality and competency of human resources. Bumdes is a "village" company because it is located in a village, but its human resources are able to compete competently with human resources in the city. Improving the quality of human resources can be done by providing training, education and technical guidance provided by the government and the private sector in collaboration with higher education institutions.

System improvements in the BUMDes organization. The system referred to here is how to ensure that BUMDes administrators carry out their duties well. In this system there must be at least 3 points carried out by the management, especially by the leader, namely meeting, monitoring and controlling. The meeting was held to find out the progress of the BUMDes work program, determine targets, analyze the problems and obstacles being faced, and other matters that need to be discussed which affect the performance of BUMDes. Monitoring is carried out to monitor the performance of BUMDes so that in its implementation the management, especially the chairman/director, can see what conditions are like in the field. Controlling is carried out by supervising and evaluating the work carried out by administrators so that it is in accordance with their duties so that the work can be carried out optimally and in accordance with the stated objectives.

The problem of low quality of human resources and human resource development is an obstacle to improving the performance or role of BUMDes in advancing the economy of village communities. So it is important to prioritize increasing competency which is followed by BUMDes administrators/managers as a reference for developing businesses in the village. Apart from that, management strategies are needed to improve the economic welfare of village communities. The role of BUMDes in improving the standard of living of community administrators and commissioners is considered to have implications for the economic independence of the community, especially in terms of its ability to act as the backbone of rural economic growth and equality. BUMDes that are managed according to procedures and regulations will run well. Especially in the problem of bad credit, BUMDes management must comply with operational standards, financial reporting, services, interest determination and standard requirements. Proper financial management needs to be improved to create quality village and community progress.

c. Community knowledge

The low level of public knowledge of the existence and function of BUMDes influences the level of community participation in getting involved in BUMDes management. So to cover these obstacles, active socialization is needed BUMDes managers so that they can encourage the involvement and enthusiasm of village communities to take advantage of the existence of BUMDes.

BUMDes are inadequate, which means this program has not become a priority program for the village government. Implementation of this program can be delayed and the village budget for BUMDes activities will only be limited to the planned budget which is not distributed. This is certainly not in line with the government's priorities which have made the BUMDes budget one of the priorities in using village funds.

d. Lack of Government Education Regarding BUMDes Funds

The lack of government education regarding BUMDes funds has caused some people to think that BUMDes funds are free assistance provided by the government, so that people do not pay attention to the installments at the specified time. So the community still feels that the BUMDes funds provided by the government are lacking, each BUMDes fund provided to the community is limited to 5 million SMEs." The role of the village government is very much needed to provide understanding to the community, so that there is no longer any misunderstanding among the community regarding the existence and BUMDes function

e. Lack of Commitment

Implementation of BUMDes program planning requires a strong commitment, especially from the village government, in this case the Village Head as the person in charge of the village program and also the BUMDes administrators who have been selected.²⁷ All parties involved must have a strong will to be able to carry out what has been mutually agreed. The existence of a waiting attitude and lack of proactiveness towards each other gives rise to doubts and weakens trust between the parties concerned. In forming something new, a strong driving force is needed. Good motivation that each party has requires intensive direction and guidance.

Good motivation needs to be supported by clear, directed and integrated planning stages as well as continuous coaching. Therefore, training is very necessary, especially in the early stages after formation because at the beginning it can be a strong momentum to bring good motivation possessed by the parties concerned in terms of adequate understanding and knowledge to immediately move to start the business that has been agreed upon. together. Moreover, in the condition that the selected BUMDes administrators do not all meet the minimum requirements for high school or equivalent education and do not have experience in being entrepreneurs, of course they need better and more effective guidance and assistance.

There needs to be an evaluation at each stage to immediately find out what obstacles are being faced so that action can be taken so as not to affect the results you want to achieve. One of the obstacles felt by BUMDes administrators is that there has been no guidance and training for BUMDes administrators by the relevant parties as was planned at the beginning of its formation. Implementation of the BUMDes program is part of empowering rural communities. Empowering village communities uses the concept of a consistent human resource development pattern to achieve a level of independence, which is characterized by productivity, efficiency and community participation.

Therefore, especially in the early stages of implementing the BUMDes program where it is known that administrators do not have sufficient understanding and experience as trusted guardians of managing village businesses, there needs to be consistent efforts from the village government and can be assisted by the regional government to provide assistance to the extent that The management has been able to independently run and develop BUMDes. The implementation of this assistance needs to be carried out with high commitment in a spirit of kinship and mutual cooperation so that the planned goals can be achieved.

²⁷Rizqi, RM, & Firmansyah, J. (2022). Review of the Village-Owned Enterprise (BUMDes) Loan Management System from a Civil Law Perspective. *JIP - Scientific Journal of Educational Sciences*, 5(8), 2813-2822.

There is a need for education and training for BUMDes administrators to improve their abilities in building the businesses they run²⁸. The training materials that need to be provided include an understanding of personal potential in the field of entrepreneurship, building commitment, village potential and types of village businesses, business opportunities and risks as well as aspects of BUMDes feasibility and planning. It is recommended that the training material be provided by the material provider according to the needs in the village and at the BUMDes office.

The results of the research found that human resource problems were the main source of traffic jams in the BUMDes program. The problem of the lack of human resources in this village requires better attention and handling so that village planning can run and produce results as expected.

Conclusion

1. The role of the Village Head is very important as a helper and supporter in running the Village BUM, especially when there is inadequate human resource capacity in the village to run the Village BUM program. The role of the Village Head is needed starting from the initial establishment, selecting the type of business, assistance in implementing activities and when a situation that is not conducive occurs, the Village Head can take over the operational implementation of the Village BUM. The village government plays a strategic role in strengthening BUMDes. By providing capital funds, land for development, as well as management and marketing training, the Village Government supports the development of BUMDes Mulyorejo businesses. In addition, routine auditing of financial reports shows the village government's commitment to ensuring transparency and accountability in the management of BUMDes. The role of village government is also realized through development strategies that involve formulating plans, outreach to the community, and collaboration with other parties. These steps reflect the village government's efforts to ensure the sustainability and success of BUMDes. Overall, the research findings show that the Village Government has succeeded in designing a comprehensive strategy, providing active support, and involving the community and other parties in developing BUMDes. This creates a strong synergy between government and society, advances the village economy, and improves the welfare of local communities.
2. Village Government obstacles in managing BUMDes to realize the welfare of village communities, namely Village Government has not yet optimally managed Village-Owned Enterprises. This is demonstrated by the following indicators: Lack of management of BUMDes by the Village Government in seeking business opportunities that can advance and develop the village; There is no innovation carried out by the Village Government to increase the competitiveness of BUMDes, so that the income generated only covers the capital spent. There is still a lack of socialization carried out by the Village Government to the community regarding the functions, duties and objectives of BUMDes; The lack of community participation in using BUMDes services has become an inhibiting factor in the development of BUMDes

References

- Ash-shidiqqi, E., & Lusia Indrastuti. 2022. Revitalization of Bumdes Institutions in an Effort to Increase Village Independence and Resilience. *El-Wasathiya: Journal of Religious Studies*, 10(01), 125-139.
- Ahmad Hunaeni Zulkarnaen. 2016. Vulnerable Problems in Industrial Relations and the Concept of the Indonesian Welfare State. *Pulpit Justitia Journal*. Vol. II No. 02

²⁸Neneng Rini Ismawati. 2020. Community Economic Empowerment Through Village-Owned Enterprises (Bumdes) (Study at BUMDES Sabar Subur Teluk Village, Terate, Kramatwatu District, Serang-Banten Regency). *Islamic Community Development* 6(1)

- Benuara Jaya, Entang Adhy Muhtar and Darto. 2021. Strategic Planning for Village Development in the Context of Developing Local Economic Potential. *Socio Humanities Science Journal* P-ISSN: 2580-1244 Volume 5 Number 2
- Edy Yusuf Agunggunanto, Fitri Arianti, Edi Wibowo, Kushartono Darwanto. 2016. Independent Village Development Through Management of Village-Owned Enterprises (BUMDes). *Journal of Economic and Business Dynamics* 13(1)
- Ichwan, Saiful. "Implementation of Village Government Administration." *Noken Journal: Social Sciences* 5.1 (2019): 81-98.
- Hidayati, U. 2021. Analysis of the Village Head's Leadership Style in Supporting the Management of Village-Owned Enterprises (Case Study of BUMDesa Long Jinawi, Galengdowo Village, Wonosalam District, Jombang Regency). *National Seminar on Management, Economics and Accounting*, 6(1), 1487–1495
- Kiki Endah. 2020. Community Empowerment: Exploring Local Village Potential. *MODERATE Journal*, Volume 6, Number 1
- Khairul Agusliansyah. The Role of the Village Head in Managing Village-Owned Enterprises (Bumdes) in Jemparing Village, Long Ikis District, Paser Regency. *eJournal of Government Science*, 2016, 4 (4): 1785-1796
- Koho, I.R. 2022. The Role of Village Heads in Managing Owned Enterprises. *Lens*, 16(2), 32–39.
- Kholilah Dzati Izzah, Lala M Kolopaking. 2020. Benefits of Village-Owned Enterprises and the Welfare of Lower-Level Communities (Study in Ponggok Village, Polanharjo District, Klaten Regency, Central Java Province). *Journal of Communication Science and Community Development [JSKPM]*, Vol. 4(1):37-54
- Lestari PA, Hapsari ANS. 2020. The Role of Achieving the Goals of BUMDes Mandiri Jaya in Managing Funds in Sepakung Village, Semarang Regency; 4(2):149-64.
- Muammar Alkadafi, Strengthening Community Economy Through Institutional Management of Village-Owned Enterprises Towards Asean Economic Community 2015. *Elriyasah Journal* 5(1)
- Mia Hardiani, Muhamad Rifandi. 2023. Effectiveness of Management of Village-Owned Enterprises in Increasing Original Income of Sidomoyo Village, Godean District, DI Yogyakarta. *Maneksi Journal* Vol 12, No. 1,
- Mila Sastika, Chuzaimah Batubara. 2023. Opportunities for Development of Management of Village-Owned Enterprises (BUMDES) Based on Sharia Economics as a Solution for Fair Village Development. *Journal of Computer Science, Economics and Management (JIKEM)* Vol. 3 No. 2:3268-3281
- Novia Cahyaningrum, Tukiman Tukiman. 2020. Village-Owned Enterprises (BUMDes) Strategy in Developing Ghanjaran Park Tourism in Ketapanrame Village, Trawas District, Mojokerto Regency. *Batanghari University Jambi Scientific Journal* 22(2)
- Nur Cahyadi, Alif Sulthon Basyari. 2023. Bumdes Development Strategy Through Optimizing Village Land as a Form of Income Increase. *Your dedication. (Journal of Community Service)* Volume 5, Number 2,

- Neneng Rini Ismawati. 2020. Community Economic Empowerment Through Village-Owned Enterprises (Bumdes) (Study at BUMDES Sabar Subur Teluk Village, Terate, Kramatwatu District, Serang-Banten Regency). *Islamic Community Development* 6(1)
- Puasa, Rafly Rilandi, Johny Lumolos, and Neni Kumayas. "The Authority of the Village Government in Improving the Economy in Mahangiang Village, Tagulandang District, Sitaro Islands Regency." *Executive Journal* 1.1 2018. 12-23
- Pebi Hartati, Mulia Amirulloh, & Eris Munandar. 2023. The Role of Compromising Village-Owned Enterprises (Bumdes) in Community Economic Empowerment in Bojongkondang Village, Langkaplancar District, Pangandaran Regency. *Consensus: Journal of Economics, Management and Accounting*, 2(4), 630–640.
- Rizqi, RM, & Firmansyah, J. 2022. Review of the Village-Owned Enterprise (BUMDes) Loan Management System from a Civil Law Perspective. *JiIP - Scientific Journal of Educational Sciences*, 5(8), 2813-2822.
- SIMBOLON, Besti Rohana; KEMIT, Metehsa; SURBAKTI, Egi Natalius. The Role of the Subdistrict Head in Guiding Village Heads to Allocate Village Funds in Tigapanah District. *Journal of Governance Opinion*, 7(1):40-45,
- Suranny, Lilyk Eka. "Development of Tourism Village Potential in the Context of Improving the Rural Economy in Wonogiri Regency." *Sukowati Research and Development Journal: Research and Development Media* 5.1 2021: 49-62.
- Soleh, Ahmad. "Village Potential Development Strategy." *Sungkai Journal* 5.1 (2017): 32-52.
- Wowor, M., Singkoh, F., & Waworundeng, W. 2019. Management of Village-Owned Enterprises (Bumdes) in Increasing Original Income in Kamanga Village, Tompasso District. *Executive Journal*, 3(3).
- Yanti, A., & Rahmiati, R. 2020. Management of Bumdes in Realizing Community Welfare in Kalebentang Village, Takalar Regency. *Siyasatuna: Siyasaah Syar'iyah Student Scientific Journal*, 1(3), 477-484.
- Zainudin, Arif. "Institutional Model of Village Government." *JIP (Journal of Government Science): Study of Government and Regional Politics* 1.2. 2016: 338-351.

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).