

**INSTITUTIONAL STRENGTHENING AND MANAGEMENT OF
VILLAGE-OWNED ENTERPRISES TO IMPROVE THE WELFARE OF
VILLAGE COMMUNITIES**

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ABSTRACT : Village-Owned Enterprises exists as a populist economic institution that is expected to be able to be a means to improve the welfare of rural communities. The success of Village-Owned Enterprises management is expected to help create jobs, provide prosperity and prevent urbanization because the existence of Village-Owned Enterprises is sufficient to be a source of livelihood for the young generation of villages. Although in its implementation many obstacles were encountered by the Village-Owned Enterprises manager, but it did not reduce the enthusiasm and intention to achieve the goals that had been aspired to for the improvement of the welfare of the village community.

Keywords: Institution; Village; Village Government; Village-Owned Enterprises

INTRODUCTION

Village Government is a subsystem of the Regional Government administration system so that the Village has its own authority to regulate and manage community interests within the framework of Village Autonomy. A village is a legal community unit that has an original composition based on special rights of origin. This is in line with the mandate of the 1945 Constitution of the Republic of Indonesia Article 18B which states that "the state recognizes and respects special and special regional government units regulated by law".

Since Indonesia's independence 74 years ago, many changes have been seen in the life of the country's economy. The economic growth rate in 2018 is in the range of 5.17% with the Gross Domestic Product (GDP) at current prices reaching IDR 14 837.4 trillion and a GDP per capita reaching IDR 56.0 million or US \$ 3 927.0.

Indonesia is a country that adheres to the principle of welfare. This means that the State of Indonesia is a welfare state or welfarestate. The concept of the Indonesian welfare state has been contained in the Preamble and Body of the 1945 Constitution. One of the objectives of the Indonesian State set out in the Preamble to the 1945 Constitution is to promote public welfare. The 1945 Constitution CHAPTER XIV concerning the National Economy and Social Welfare.

Social Welfare is contained in the 1945 Constitution CHAPTER XIV Article 34. The provisions contained in the Preamble and Body of the 1945 Constitution as previously mentioned are the concept of a welfare state (Ridwan 2013: 17-19). The consequence of the Indonesian state as a welfare state is to create a prosperous Indonesian society. The manifestation of a prosperous Indonesian society has been carried out by the Indonesian state through various legal instruments. One of the legal instruments that have the objective of realizing community welfare is Law Number 6 of 2014 concerning Villages or commonly known as the Village Law.

The implementation of the decentralization principle in Indonesia is carried out, among others, by the formation of autonomous regions. In the terminology of government science and state administrative law, the word autonomy is often associated with regional autonomy which is defined as self-government. In connection with these developments, regional economic independence is of course very influential in the development of welfare at the smallest level. In the foremost government unit, the village is the original form of autonomy which can be used as a reference in efforts to improve the welfare.

The given authority is broad in nature and is responsible so that it provides opportunities for regions to be able to regulate and exercise their regional authority based on their own initiative or according to the interests and potential conditions of the community in each region. This is because the success of the implementation of regional autonomy will be determined by many things, including: First, the lower level of dependency of the regional government on the central government, not only in planning, but also in the provision of funds. Because a development plan will only be effective if it is made and carried out by local governments themselves; Second, the ability of the regions to increase their economic growth (growth from inside) and the factors directly affecting the growth rate of regional development (growth from outside).

Along with regional autonomy, through Law 23 of 2014, village autonomy is also promoted. The concept of village autonomy is actually a concept that is interpreted as the ability and initiative of the village community to be able to regulate and implement the dynamics of life based on their own abilities. The nature of village autonomy is a pure nature of autonomy, meaning that the existence of village autonomy is something that has been around for a long time and is not an delegation of authority from the state. Villages also have rights of origin and traditional rights in regulating and managing the interests of the local community and playing a role in realizing the ideals of independence based on the 1945 Constitution of the Republic of Indonesia.

The village's weak position and position as an economic unit (limited area, land area, limited

available resources, etc.) does not allow the village government to improve the welfare of its people. Therefore, efforts to improve the welfare of rural communities almost always require the help of other parties, both government and local governments as well as non-governmental organizations or other third parties.

One form of efforts to develop the village economy is the presence of provisions on the Village Fund Budget which can be used as a means of increasing village capacity, as well as efforts to reduce the rate of urbanization. With the prosperity of the village, it is hoped that it will be a factor that can reduce the rate of urbanization, which had become a problem in urban areas. The large number of job opportunities has made many rural youth feel the need to move to urban areas which are considered more promising for welfare development.

Village fund budget (hereinafter ADD) in the explanation of Law no. 23 of 2014 concerning Regional Government is a fund sourced from the APBN allocated for Villages which is transferred through the district/city APBD and used to finance the administration of Village governance which includes services, development, and community empowerment.

The post-New Order government established a new policy on village finances that had never been done before. Through Law no. 32/2004, stipulates that to support governance and village development activities, the village will receive a share of state and regional income.

Furthermore, after the issuance of Law 23 of 2014, to alleviate poverty and improve the welfare of rural communities, the government has implemented several programs through several best ministries or departments, including PNPM Mandiri, Scholar Building Village, INKA MINA, KUBE (Joint Business Group) Adat Community Empowerment Isolated, Desa Siaga and the program of the family of hope.

The various development programs carried out by the government, whether labeled rural development, community development or otherwise, all lead to providing benefits to rural communities, but associated with global economic development, will not be able to provide welfare.

The thing that needs to be paid attention is that the village is not entirely dependent on ADD. There are many efforts that can be made by the village government in an effort to improve welfare, one of which is by forming village-owned enterprises (BUMDES). Village-Owned Enterprises can be formed to help improve community welfare.

Village-Owned Enterprises is a business institution that is engaged in the management of village economic assets and resources in the framework of empowering village communities. The regulation of Village-Owned Enterprises is regulated in Article 213 paragraph (1) of Law

No.32 of 2004, that villages can establish Village-Owned Enterprises according to the needs and potential of the village. In addition, it is also regulated in Government Regulation Number 72 of 2005 concerning Villages, which regulates Village-Owned Enterprises , namely in Articles 78 - 81, Part Five concerning Village-Owned Enterprises, and most recently in the Minister of Home Affairs Regulation Number 39 of 2010 concerning Business Entities. Village owned.

The objectives of Village-Owned Enterprises are to optimize the management of existing village assets, advance the village economy, and improve the welfare of village communities. The nature of Village-Owned Enterprises ' business is profit-oriented. The nature of business management is openness, honesty, participatory and fairness. And the functions of Village-Owned Enterprises are: as a motor that drives the village economy, as a business institution that generates Village Original Income (PADes), as well as a means to accelerate the improvement of the welfare of rural communities.

There are quite a number of factors that cause people in rural areas to live in a slump, and they are forced to live in a low standard of quality of life and are completely deprived, which in turn results in poverty to take place systematically and cause various problems in terms of economy, education and health. As a background of this phenomenon, various programs emerge every year both from the central government and from the local government with the aim of awakening and also encouraging the capacity of the community, especially those in rural areas. This is a manifestation of empowerment by bringing back the values of local wisdom and social capital such as the value of mutual assistance which has recently begun to erode.

One form of this effort is the formation of the Village Millik Business Entity. Village-Owned Enterprises, hereinafter referred to as Village-Owned Enterprises , are business entities whose entire or most of the capital is owned by the Village through direct participation originating from the separated Village assets in order to manage assets, services and other businesses for the maximum welfare of the Village community. . By running the Village-Owned Enterprises , the village government is expected to be able to spur village resources to be more productive, reduce unemployment and at the same time help the availability of several facilities that can be used by the community at lower costs.

One of the goals of establishing Village-Owned Enterprises is to drive the village economy. This is done to realize the welfare of the people in rural areas. But in practice, the establishment and management of Village-Owned Enterprises often experience various challenges and problems. These various problems and challenges must be properly identified, so that strategic solutions can be formulated appropriately.

Several business fields that can be used as examples include tourism in the village, or renting party equipment such as tents, chairs, generator sets or rice milling machines or several other forms that aim to improve the welfare of community members through independent efforts through Village-Owned Enterprises facilitation. Furthermore, improving the welfare of the village community cannot be borne solely on the Village Fund Budget because basically the ADD is only temporary, and should be earmarked for improving the facilities and infrastructure for the basic needs of the community.

The establishment and management of Village-Owned Enterprises are two very important things. Without the establishment and management of Village-Owned Enterprises it would be impossible to exist and run. Establishment is the initial stage for the birth of Village-Owned Enterprises. The problem is that not all Village-Owned Enterprises establishments run smoothly. There were many problems and challenges in establishing Village-Owned Enterprises. These challenges include: (1) Human resources; (2) Type of business; (3) Capital; (4) Public understanding; (5) Community participation; and (6) Business competition.

The main obstacle faced is the management ability of the Village-Owned Enterprises management. The capacity of human resources currently running Village-Owned Enterprises is still inadequate so that it is felt that they are not too maximal in carrying out their activities. The rapid development of Wajo Regency, the high number of tourist visits, both local and foreign, is an excellent return to be processed into a source of village income in order to increase welfare, open employment and prevent urbanization.

DISCUSSION

Lampulung Village, Pammana District, Wajo Regency is one of the villages that already has a Village-Owned Enterprise, named Bumdes Simpati. This Village-Owned Enterprises was founded in 2016 on the basis of Perdes Number 04 of 2016. The Village-Owned Enterprises has been running one business sector, namely the savings and loan business sector, through the Village Head Decree No. 15/KPTS/DL/IV/2017.

The Village-Owned Enterprises initially only ran one line of business, then tried to add another type of business, namely layer chicken farming, but it has not been implemented until now due to the absence of location constraints. In addition, another obstacle faced by Village-Owned Enterprises is limited resources even though Wajo district has a lot of potential, but it is unfortunate that Village-Owned Enterprises is not able to maximize the existing business potential

Since its establishment in 2016 through Village Regulation No. 04 of 2016, Village-Owned Enterprises only operates with one type of business, namely a savings and loan unit. In fact, Lampung Village still has a lot of promising potential to become a business that can be run by Village-Owned Enterprises officials. The potential that can be managed by Village-Owned Enterprises is actually still diverse, but the doubts of the managers themselves then become a problem. This is also compounded by doubts from the village government in helping Village-Owned Enterprises administrators. Village-Owned Enterprises managers actually need assistance in the form of permoidal and several other things, but until this writing, it cannot be implemented. The available potentials include that in the village area, other business units can still be established besides a savings and loan unit, which in the opinion of the author is actually more risky.

Bumdes Simpati Justri did not think about the great opportunity of establishing a shop / grocery store, or a distributor of the basic necessities of the residents. Village-Owned Enterprises can also be a fuel retail agent, either fuel oil or LPG gas. As part of Hasanuddin University community service activities, through outreach activities existing problems can be explored as well as solutions that can be offered to Village-Owned Enterprises managers in order to increase the competitiveness and performance of Village-Owned Enterprises to improve welfare as aspired.

In addition, there are still business opportunities that may become Village-Owned Enterprises business areas, namely the procurement of silkworm feed. As is well known, Wajo district is the center for the development of silk weaving which is very well known to foreign countries. The Sengkang silk, which is often referred to as the wajo regency hasi weavings, is one of the best and highly prized weaves. One of the main producing areas for natural silk, even known as the “City of Silk” in South Sulawesi is Wajo Regency. Until 2013, the Sutera business in Wajo district had employed 17,418 workers with 5,806 business units with a total investment of Rp. 10,931,989,000. The production of Cocon and Raw Silk was 1,644 kg from 25 farmer groups. This is just from a business opportunity in the silk sector, of course there are still many other business opportunities that can become land for Village-Owned Enterprises to develop themselves.

Strengthening the Village-Owned Enterprises Institution

There are 5 (five) institutional strengthening models that can be applied to strengthen Village-Owned Enterprises institutions. The five models are Strengthening Human Resources, Strengthening Natural Resources, Strengthening Finance, Strengthening Physical, and Strengthening Social (Community Participation).

The first is Strengthening Human Resources (HR). Strengthening human resources can be done by providing education and training. Regarding knowledge in general, there are 2 (two) main levels that need attention in education, namely organizational managers and operational personnel. Education for organizational managers is aimed at focusing on increasing the knowledge ability of organizational managers to be skilled in making decisions. As for operational personnel, this can be done through job training and apprenticeships where the education aims to increase work productivity, reduce costs incurred by the organization, improve morale, and promote organizational stability and flexibility. Requirements for Holders of Village-Owned Enterprises must be managed professionally and independently so that competent people are needed to manage them. For holders of managerial positions, at least have work experience in institutions that aim to seek profit. Minimum high school education background or equivalent.

For holders of positions in the Finance Department, Treasurers and Secretaries preferably from vocational schools (SMK/SMEA) or D III in the accounting and secretarial fields. The educational background for this office holder is important so that they can carry out their roles and functions in accordance with the demands of the job. Employees preferably have a minimum junior high school background. This is because they must be able to compile a Village-Owned Enterprises activity report related to their work. As in the example of employees in the Trade Services Unit, they must compile a report on goods sold and the remaining goods in the shop or in the shop every certain period (3 months or every 6 months). It is necessary to develop a job desk / description of responsibilities and authorities at each line of the organization, as a work guide.

Second, Strengthening Natural Resources (SDA). This SDA strengthening can be done by mapping the natural potential of the village. The problem faced by almost all existing Village-Owned Enterprises is related to the inability to map the village potential which can be used as an option in determining the type of Village-Owned Enterprises business to be developed. The ways to map potential and problems in the village area are as follows:

- a. Make a general map of the village area;
- b. Determine symbols for each potential and problem that exists in the village area;
- c. Connecting and pairing symbols of potential and existing problems in the village area on the village map according to the position where they are believed to exist based on observations in the field;
- d. Annotate each symbol item contained in the map.

Third, Financial Strengthening. In its operations, Village-Owned Enterprises is often constrained by capital. Seeing the condition of the village, which so far has very little budget, it is difficult to realize the products of the village plan. The village government must further

empower the Village-Owned Enterprises institution by mobilizing community involvement in it so that Village-Owned Enterprises operations can run optimally. This of course must be supported by additional venture capital into Village-Owned Enterprises . Capital may consist of Pemdes participation and community participation at a ratio of 51% and 49%.

Fourth, Physical Strengthening. This physical strengthening can be done by providing an understanding of the obligations, roles and authorities of Village-Owned Enterprises managers. Activities that can be carried out are to provide an understanding that the Village-Owned Enterprises manager consisting of the head / director of Village-Owned Enterprises , secretaries, and treasurers has the inherent obligations, roles and authority in managing and developing Village-Owned Enterprises . In addition to operational executives, there is an advisory and supervisory role in the Village-Owned Enterprises organizational structure. In addition, Village-Owned Enterprises must open cooperation with third parties. Managers, with consultation and approval of the Village-Owned Enterprises Board of Commissioners, can look for other parties to work with both in the development and marketing of Village-Owned Enterprises business results.

Fifth, Social Strengthening (Community Participation). Social strengthening or community participation can be done by providing the widest possible opportunity for village communities to participate in the operations and development of Village-Owned Enterprises . The form of participation given to the community has several forms which are divided into 3 (three) stages, namely:

- a. Participation in the planning stage (idea planning stage). Participation at this stage has the purpose of involving the community in the planning and strategy formulation stage in the preparation of the committee and budget for an activity/project. The community is able to participate by providing suggestions, suggestions and criticism through the meetings held.
- b. Participation in the implementation stage. Participation at this stage means community involvement in the implementation stage of a project's work. The community here can provide energy or materials/goods, as well as ideas as a form of participation in the work.
- c. Participation in utilization. Participation at this stage means community involvement in the utilization stage of a project after the project has been completed. Community participation at this stage is in the form of manpower and operating money, as well as maintaining what has been built.
- d. Monitoring and Evaluation. A monitoring mechanism/procedure must be established. For the purposes of supervision, besides being carried out by the Board of Commissioners, elements from the Regency Government may be added. This is because the district government also plays a role in facilitating the Village-Owned Enterprises business. This monitoring process must be carried out on an ongoing basis, so that it can properly monitor

- Village-Owned Enterprises activities. Evaluation is carried out on a quarterly basis or at any time if deemed necessary according to the provisions of the AD/ART.
- e. Manager's Accountability. In the process of accountability for Village-Owned Enterprises management, an evaluation strategy can be implemented at the end of each fiscal year period, the manager is obliged to compile an accountability report to be submitted in a village deliberation forum that presents elements of Village Government, community elements and all completeness of the Village-Owned Enterprises organizational structure.
 - f. Accountability Report, which includes reports on the performance of the manager for a period. This business performance concerns the realization of business activities, development efforts, indicators of success and so on. Accountability reports also include financial reports and Operating Profit Sharing Plans. In addition to success, the report must also contain unrealized business development plans so that they can be evaluated for future development efforts.

The most important thing that must not be forgotten to do in order to strengthen the Village-Owned Enterprises institution is to form and develop a network, both among Village-Owned Enterprises and with other partners. This of course will automatically have implications for the operational development of Village-Owned Enterprises, especially in its business fields.

Village-Owned Enterprises Business Strategy

There are a number of land or business fields that can be run through Village-Owned Enterprises, including the village market. The village market is the center of trade and is the core of the pulse of the village economy. Village-Owned Enterprises can be appointed to manage in order to create a neat and comfortable market. Another possible business for Village-Owned Enterprises is Waserda or a multi-storey shop. This could be a grocery store or a rebate warehouse. In addition, there are still many other business opportunities such as gallon water treatment, transportation, management of village tourism objects, home industry and handicraft sales centers, inland fisheries, livestock or agriculture.

The management of Village-Owned Enterprises also needs to think about strategies to maintain and develop existing businesses. To maintain and develop existing businesses, it is necessary to identify their performance and future prospects. First, how is the development of sales turnover in each period. Second, how is the profit/loss in each period. Third, what is the condition of the goods / services procured (quantity, quality, variety of choices, etc.). Fourth, how is the service system to consumers. Fifth, what promotional efforts have been made? Sixth, where is the location of the business. Seventh, is it possible for a business unit to expand.

If the development of sales turnover is slow or the turnover of goods / services is low, it means that the business unit has a problem. This problem must be addressed immediately so that sales

turnover can increase. The task of evaluating the performance of this business unit is the responsibility of the business unit manager and Village-Owned Enterprises management. It is important to pay attention to suggestions from the Supervisors and the Board of Commissioners during the Village-Owned Enterprises accountability report at the village consultation forum.

If indeed all of the above have been carried out, then you can think about steps to start a new business to be managed by Village-Owned Enterprises . This will be related to many things, including determining who the target consumer is (the target market) and identifying their needs, wants and purchasing power. The next thing is to serve one of his long-term and profitable needs and wants. In setting up a business unit to meet market needs, for example, if the main need for target consumers is transportation, a transportation service business unit is opened. If the main needs of target consumers are daily needs, then establish a waserda unit or a mini market. If the main needs of target consumers are raw materials for producing tofu / tempe, a business unit is opened to serve soybean needs with the desired quality.

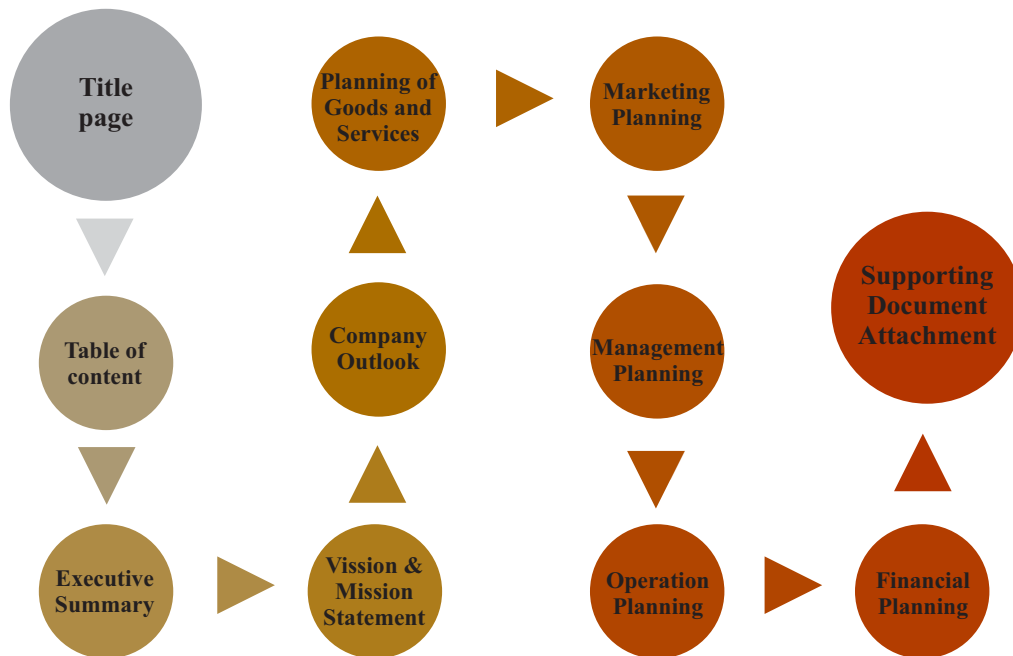
It cannot be forgotten is that promotions (advertisements) in the form of leaflets, bulletin boards or notifications via mobile vehicles need to be done. The purpose of promotion is to inform target consumers regarding the provision of goods or services they need and want. It is necessary to make careful calculations regarding the rate of return on business capital used. So that the manager and the Board of Commissioners can find out in what year their business began to bear fruit or generate profits and the capital has returned.

Good, friendly and welcoming service must be used as a basis for cooperating with consumers. Because for businesses that are looking for benefits, consumer loyalty must be maintained so that they become regular customers. So that the products offered to the market will always be sold. Establishing new businesses that have similarities to businesses already run by the community should be avoided so that there is no competition and competition for the market. It is important to realize that the number of consumers in rural areas is generally not large enough. If Village-Owned Enterprises opens a business that is already run by the community and it results in a reduced turnover of community sales, it is possible that it will cause new problems. For the sale of products that are influenced by the season, such as the sale of clothes, sandals, shoes and the like, it is important to always pay attention to fashion changes. If not done, it is likely that the product will not be in demand by the market. For that, we need new innovations or always be aware of changes that occur in society.

Preparation of a New Business Plan

A business/business plan is a written document that outlines a business idea to be operationalized. So that managers and parties with an interest in the business can understand

the prospects for the business to be carried out and the possible risks to be borne. It is important to prepare a Village-Owned Enterprises business plan as a basis for guidance in determining profitable future business activities. The preparation of a business plan that is logical and based on market information enables Village-Owned Enterprises objectives to be achieved effectively and efficiently (See Graph 1).



Graph 1. Business Plan of Village-Owned Enterprises

Basically a business plan describes business activities that will be carried out in the coming period (1 - 3 years) which contains the following explanation:

a. Title page

Contains the name of the Village-Owned Enterprises, address, and telephone number and the manager.

b. Table of contents

Contains page numbers of important parts of the business planning.

c. Executive Summary

Contains a brief description of the business plan that will be carried out and the basis for supporting the business.

d. Vision and Mission Statement

Briefly describe the strategy and philosophy desired so that the vision can be realized.

e. Company Outlook (Village-Owned Enterprises)

Describes the form of business (Village-Owned Enterprises), organization, company objectives (Village-Owned Enterprises), company name (Village-Owned Enterprises), business location, products produced (goods or services), and the company's legal entity.

f. Planning of Goods and Services

Describe the advantages of the product (goods or services) produced, the targeted market, and the reasons why consumers want the product or there is a demand in the market.

g. Marketing Planning

Describe who is a consumer of the products produced and the competitive conditions faced, the strategy to be carried out (price strategy, product, distribution, promotion).

h. Management Planning

Describe the competencies of Village-Owned Enterprises managers and the management system they are running.

i. Operation Planning

Describe the production and operation systems used, the facilities owned, the availability of raw materials or the guarantee of the fulfilment of raw materials.

j. Financial planning

Describe financial needs and possible sources of finance, projecting revenues, costs and profits (breakeven and cash flow analysis).

k. Supporting Document Attachments

Contains Village-Owned Enterprises management data, copy of Village-Owned Enterprises establishment deed, copy of Regional Regulation and Perdes concerning Village-Owned Enterprises .

CONCLUSION

Improvement of community welfare must start from the smallest level welfare is not only the result of government work but also demands public participation in realizing this welfare. increasing welfare at the village level will indirectly help the state realize the goals of prosperity for all citizens. to form a strong and successful Village-Owned Enterprises , it requires continuous hard work between all parties involved, especially the Village-Owned Enterprises managers. the support of the local government and of course the participation of community members so that the performance of Village-Owned Enterprises can really be implemented to become a means of increasing the welfare of community members.

The problems faced include human resources, capital business fields, and community participation are actually not insurmountable obstacles, because by working hard and implementing an unyielding work ethic will help the successful implementation of Village-Owned Enterprises business activities. human resource and capital constraints can actually be overcome with micro credit provided by the government through the ministry of small and medium enterprises. of course, with adequate welfare and income, reliable and creative human resources will come naturally. young people or what is commonly called millennials will have fresh bright ideas and can be a foundation for Village-Owned Enterprises to develop more in the future.

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