

# THE ROLE OF BUMDES IN INCREASING VILLAGE ORIGINAL INCOME IN KANRUNG VILLAGE

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## Abstrak

The goal of BUMDes is to increase the village's original income to plan and manage the village economy. this research is to analyze the role of BUMDes in increasing PADes in Kanrung Village. In addition, the purpose of establishing BUMDes is to serve rural communities in developing productive economic businesses, as well as providing various business media to reduce and increase people's welfare. indicators include business results, Asset Results, Self-Help, and other Village original income. To find out the role of BUMDes in increasing village original income research includes reviewing the literature by looking for theoretical references that are relevant to the cases or problems found. There are several supporting and inhibiting factors that need attention. Supporting factors include government support, community participation, availability of local resources, and adequate skills and knowledge. While the inhibiting factors include limited capital, lack of skills and knowledge, competition with other businesses, and lack of public awareness and interest.

**Keywords: Role of BUMDES; PADes**

## PENDAHULUAN

The village is the smallest unit of the country that is closest to the community and in real terms directly touches the community's needs for prosperity. A village is a legal community unit that has territorial boundaries, which has the authority to regulate and manage government affairs, local community interests 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 (Bender, 2016 ). Kanrung Village is one of the 11 (eleven) villages in the Central Sinjai District. Kanrung Village consists of 6 hamlets namely Sabbang Hamlet, Karobbi Hamlet, Salohe Hamlet, Alekanrung Hamlet, Baru Hamlet and Hampangnge Hamlet. Historically the name Kanrung Village was taken from the word "Arung" which means Government. So kanrung still maintains the thickness of the culture of mutual cooperation and kinship relationships that are still strong so that in their daily activities, people solve problems such as harvesting crops done together (For et al., 2021) . However,

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the low income levels of farmers and the vulnerability of agriculture which depends on prices and seasonal fluctuations are the main problems in this village. In addition, limited employment opportunities and minimal economic diversification are a challenge for increasing the welfare of rural communities. In this context BUMDes are expected to play an active role in developing businesses and creating new economic opportunities.

Improving the economy of village communities can be implemented, namely with a new approach to stimulate and activate the economy in the village, with the establishment of economic institutions carried out by village communities such as Village Owned Enterprises (BUMDES). BUMDES is a village business institution implemented by the community, and village administration to strengthen the economy, established because of the needs and potential of the village. In addition, for village business activities which are currently starting to be developed a lot. BUMDES supports community economic efforts, from equity participation to market economy developers (Siswanda & Meirinawati, 2021) .

BUMDes in implementation and capital ownership are managed by the village government and the community. Gunawan (2011) explains that the formation of BUMDes aims to accept activities that develop according to customs, activities based on government programs and all other activities that support efforts to increase community income. Sayutri (2011) argues that the existence of BUMDes is needed to activate village potential and can assist in poverty alleviation efforts. From this it can be explained that villages can establish village business entities. In accordance with the needs and potential of the village. Consistent with this, several people acting as rural economic drivers aim to explore existing potential so that it can be used as raw income for the village to support village development costs. The adoption of the Annual Village Revenue and Expenditure Budget Plan (APBDes) by the village government.

Based on the initial observations that have been made, BUMDES in Kanrung Village is not running as it should. This is caused by a lack of human resources (HR) and a lack of assistance from the government officials themselves. Based on the explanation above, the formulation of the research problem is to analyze the role of BUMDes in increasing PADes in Kanrung Village. Through this research, it is hoped that it will be possible to identify the types of businesses developed by BUMDes, analyze the contribution of BUMDes to increasing village income, as well as the supporting factors and obstacles that influence the role of BUMDes in Kanrung Village?

## **LITERATURE REVIEW**

### **Definition of Role**

According to Gros, Mason and Mceachern define role as a set of expectations imposed on individuals who occupy a certain social position. According to Soerjono Soekamto role is first, it is a dynamic aspect of position when a person exercises rights and obligations according to his position in

this case he carries out a role. Second, the role is because it regulates a person's behavior and that role causes a person to a certain extent to predict the actions of others. Third, the role is governed by the norms that apply, for example the norm of decency requires that a man when walking with a woman must be on the outside (II & Theory, nd)

Role is defined as a device of behavior that is expected to be possessed by people who are domiciled in society. Position in this case is expected as a certain position in society that may be high. Moderate or low. Position is a container whose contents are certain rights and obligations, while these rights and obligations can be said to be roles. (Fitrawati & Takdir, 2022) Therefore, someone who has a certain position can be said to be a role holder (role occupant). A right is actually an authority to do or not to do, while an obligation is a burden or duty (Fibiarsani, 2018).

According to Soerjono Soekanto in his book *Sociology An Introduction*, the definition of role is as follows: "A role is a (role) dynamic aspect (status) when a person exercises his rights and obligations in accordance with his position, he carries out a role. The difference between position and role is for the sake of knowledge. The two cannot be separated, because one depends on the other and vice versa" (Ade Eka Kurniawan, 2016).

Meanwhile, in the Big Indonesian Dictionary, role is a set of levels that are expected and owned by people who are in society. It can be concluded that the role is where individuals or groups, individuals or agencies who are domiciled and have authority can have an impact on people and the environment. (Takdir & Jusniaty, 2019)

### **Village Owned Enterprises (BUMDES)**

According to Permendes - PD TT No. 4 of 2015, Village Owned Enterprises are business entities whose capital is wholly or substantially owned by the village through direct investment originating from village wealth which is managed separately both assets, services, and other businesses for the greatest prosperity of the village community. Article 25 This Ministerial Regulation contains a progressive BUMDes management strategy by taking into account development innovations carried out by BUMDes. The strategy is executed in accordance with the selection of the selected type of business.

In Law Number 32 of 2004 and PP Number 72 of 2005 it is mandated that in increasing community and village income, the village government can establish Village Owned Enterprises (BUMDes) according to the needs and potential of the village. In terms of planning and formation, BUMDes is built on initiative (community initiation), and is based on cooperative, participatory and emancipatory principles, with two underlying principles, namely member base and self help. This is important considering that the professionalism of BUMDes management is truly based on the will (agreement) of the community at large (member base), as well as the ability of each member to be independent in meeting their basic needs (self help), both for the benefit of production (as producers)

and consumption (as consumers) must be done professionally and independently, (Ramadana & Ribawanto, 2010) .

Based on Law No. 6 of 2014 BUMDesa is a business entity whose capital is wholly or substantially owned by the Village through direct participation originating from Village assets which are separated to manage assets, services and other businesses for the greatest possible welfare of the Village community.(Congge et al., 2023) BUMDes are managed with a spirit of kinship and mutual cooperation and can run businesses in the economic sector and/or public services in accordance with statutory provisions (Karim, 2019) . BUMDes in their activities are not only oriented towards financial gain, but are also oriented towards supporting the improvement of the welfare of the village community (Murtiono, 2016) .

In simple terms, BUMDes is a village-owned business entity tasked with managing wealth related to village assets. However, it does not rule out that BUMDes can ask for loans from other parties if they experience business capital difficulties, this was revealed by Kurnia (2015). Village potential and needs are village institutions that are jointly managed by the community and the village government (Rahadanik, 2018) .

### **Village Original Income**

According to the Regulation of the Minister of Home Affairs (Permendagri) Number 20 of 2018 concerning Village Financial Management in chapter 1 it explains that income is all village revenue in 1 fiscal year which belongs to the village and does not need to be returned by the village. In article 11 of the Minister of Home Affairs Regulation (Permendagri) Number 20 of 2018 it is also explained that village income consists of groups: (a) Village original income; (b) Transfers; and (c) other income.

Then it is explained in detail in the Permendagri Chapter 3 Article 12 concerning the Village Revenue and Expenditure Budget (APBD) that the village's original income group consists of: (1) Business results; (2) Asset returns; (3) Self-help, participation and mutual cooperation and (4) Other village original income Then in paragraphs (2), (3), (4) and (5) Article 12 explains that:

1. Village business results as referred to include the results of BUM Desa, namely business entities whose capital is wholly or mostly owned by the village through direct participation originating from village assets which are separated to manage assets, services and other businesses for the maximum welfare of the village.
2. Asset yields such as village treasury land, boat moorings, village markets, public baths, irrigation networks and other asset yields are in accordance with authority based on origin rights and village-scale local authority
3. Self-help, participation and mutual cooperation are receipts that come from donations from the village community.

#### 4. Other village original income such as village levies (Amnan et al., 2019)

Law of the Republic of Indonesia Number 6 of 2014 concerning Villages article 72 paragraph 1 states that village income originates from Village Original Income consisting of business results, asset results, self-help and participation, mutual cooperation, and other Village original income (Bender, 2016 (Bender, 2016)

### **METHOD STUDY**

This research is a type of literature review research by looking for theoretical references that are relevant to the cases or problems found. According to Creswell, John. W. (2014; 40) states that a literature review is a written summary of articles from journals, books, and other documents that describe theory and information, both past and present, organizing literature into topics and documents neede.(Takdir, 2023).Content analysis is a research technique for making inferences that can be replicated (imitated) and valid from the data by paying attention to the context (Ahmad, 2018).

### **RESULTS AND DISCUSSION**

The role of Kanrung Village BUMDes in increasing Village Original Income (PADes) can take various forms, including:

#### 1. Job Creation

BUMDes can be the prime mover in creating jobs in Kanrung Village. Through various businesses managed by BUMDes, such as agriculture, plantations, crafts, or tourism, job opportunities can be created for the local community. This helps increase the income of the community and PADes.

#### 2. Local Resource Management

Kanrung Village BUMDes can utilize and manage local resources properly. For example, optimizing agricultural potential by forming farmer groups that are members of BUMDes to increase productivity and added value of agricultural products. Effective management of local resources can make a significant contribution to village income.

#### 3. Community Economic Empowerment

BUMDes also plays a role in empowering the economy of the Kanrung Village community. Through training programs, mentoring, and providing business capital, BUMDes can help improve community skills and knowledge in managing their own businesses. Thus, the community can have a sustainable source of income and the contribution to PADes can increase.

#### 4. Improved Market Access

BUMDes can be a bridge between local producers and the market. By collaborating with business actors outside the village, BUMDes can help market local products from Kanrung Village to a wider market. This opens up opportunities for increasing income and business expansion for local producers, thus having an impact on increasing PADes.

## 5. Women and Youth Empowerment

BUMDes can pay special attention to empowering women and youth in Kanrung Village. By providing training, capital support, and mentoring, BUMDes can help increase women's and youth's economic participation and contribution in developing local businesses. This not only has an impact on increasing the village's original income, but also on gender equality and developing the potential of the younger generation.

The role of Kanrung Village BUMDes in increasing Village Original Income (PADes) can be seen through the various sources of income generated, including:

### 1. Company results

The business results of Kanrung Village BUMDes can cover various economic sectors which are the potential and advantages of the village. Some examples of business results that may be produced by BUMDes are as follows:

- a) Agriculture and Plantation: Kanrung Village may have good agricultural and plantation potential. BUMDes can manage agricultural land and plantations to produce crops such as rice, corn, vegetables, fruits or other commodities. The results of this business can be sold or supplied to local, regional, or even national markets.
- b) Livestock: BUMDes can develop livestock businesses, such as chicken, cow, goat or fish farming. The results of livestock business can be in the form of eggs, meat, milk, or other processed products. BUMDes can also sell livestock seeds or animal feed to local farmers.
- c) Handicrafts: Kanrung villagers may have expertise in handicrafts, such as woven bamboo, weaving, ceramics, or woodcarving. BUMDes can facilitate the development of these handicrafts and help market them to local, regional or tourist markets.

Revenue generated from these businesses will be one of the main contributors to PADes. BUMDes is responsible for managing and optimizing the results of these efforts to achieve increased village income.

### 2. Asset Yield

BUMDes can own village assets that can generate income, such as agricultural land or plantations, buildings or business space for rent, or other natural resources. Income from the management of these assets, such as rent or royalty payments, will become part of the village PADes.

### 3. Self-help, Participation, and Gotong-royong

BUMDes also rely on self-help, participation and community cooperation as a source of income. For example, through contributions from BUMDes members, membership fees, or participation in activities or events held by BUMDes. Revenue from this source will be used to finance programs and activities carried out by BUMDes.

### 4. Other Village Original Income

In addition, BUMDes can also play a role in exploring and developing the potential for other village original income. For example, through cooperation with parties outside the village, such as companies or other institutions, in the form of investments, partnerships or development projects. The income generated from this collaboration will be an additional village original income which can make a significant contribution to PADes.

**Kanrung Village BUMDes Supporting Factors in Increasing PADes:**

1. **Village Government Support:** Village government support is very important in developing Kanrung Village BUMDes. This support can be in the form of budget approval, policies, regulations and technical assistance that support the sustainability and growth of BUMDes.
2. **Community Participation and Support:** The level of active participation and support from the Kanrung Village community for BUMDes is also a supporting factor. Community participation in managing BUMDes, capital contributions, and the use of products and services offered by BUMDes will help increase the village's original income.
3. **Availability of Local Resources:** Kanrung Village has local resource potential that can be utilized by BUMDes. Resources such as potential for agriculture, plantations, tourism, or local crafts can be used as a basis for BUMDes business development to increase PADes.
4. **Skills and Knowledge:** The existence of adequate skills and knowledge among the administrators and members of the Kanrung Village BUMDes will be an important factor in managing business and increasing PADes. Relevant training and education can help increase their capacity and expertise in managing a business well.

**Kanrung Village BUMDes Inhibiting Factors in Increasing PADes:**

1. **Limited Capital and Funding:** Limited capital and limited access to financing can be an obstacle for Kanrung Village BUMDes. Limited funds can hinder business development, investment, and business expansion which has the potential to increase PADes.
2. **Lack of Management Skills and Knowledge:** Lack of skills and knowledge in business management, marketing, finance, and technical can be an obstacle in the management of BUMDes. Without adequate knowledge, making the right decisions and managing an effective business becomes difficult.
3. **Low Community Awareness and Interest:** The lack of awareness and interest of the Kanrung Village community in the role and benefits of BUMDes can hinder the growth and development of BUMDes. Effective communication and socialization efforts are needed to increase public understanding and interest in BUMDes as a profitable business option.

**External Challenges:** Kanrung Village BUMDes can also be faced with external challenges such as business competition from outside, regulatory changes, or unstable economic conditions. These challenges can affect the performance and revenue of BUMDes if not handled properly.

## CONCLUSION

Kanrung Village Village Owned Enterprises (BUMDes) have an important role in increasing Village Original Income (PADes). BUMDes acts as a facilitator, mediator, motivator and dynamo in developing local economic potential and increasing village income. Through business activities managed by BUMDes, Kanrung Village can utilize local resources, increase community participation, and increase skills and knowledge in business management.

However, there are several supporting and inhibiting factors that need attention. Supporting factors include government support, community participation, availability of local resources, and adequate skills and knowledge. While the inhibiting factors include limited capital, lack of skills and knowledge, competition with other businesses, and lack of public awareness and interest.

To increase PADes, collaborative efforts are needed between BUMDes, village government, communities and other related parties. Government support, increased community participation, proper management of local resources, increased skills and knowledge, and handling of inhibiting factors will be key factors in achieving this goal.

Thus, Kanrung Village BUMDes has the potential to become a driver of the local economy and increase Village Original Income. With the role of facilitator, mediator, motivator, and dynamist, BUMDes can have a positive impact on economic development and the welfare of the people of Kanrung Village.

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