

The Effectiveness of Management of Biological Village-Owned Enterprises on the Economic Welfare of the Community in Livelihood Villages, Kampar Kiri Tengah District, Kampar Regency

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ABSTRACT

This research was carried out at the Hayati Village-Owned Enterprise (BUMDes). Livelihood Village, Kampar Kiri Tengah District, Kampar Regency. Objective this research is to analyze how effective management is BUMDes towards the economic welfare of the community in Livelihood Villages and to analyze what are the obstacles to the effectiveness of BUMDes management live towards the economic welfare of the community in the Livelihood Village. This research uses a qualitative descriptive method to obtain data primary and secondary data where data collection is carried out by means interviews with several informants. Based on research it can be it was concluded that the management of Village-Owned Enterprises (BUMDes) is Hayati On the Economic Welfare of the Community in Livelihood Villages Kampar Kiri Tengah District, Kampar Regency has been effective. Because when The presence of BUMDes really helps village communities, the presence of BUMDes Hayati plays a role in creating business opportunities for the community. Existing community businesses continue to develop, over a small number of generations young people also try to develop new business opportunities, then, installments business capital loans provided by BUMDes Hayati to village communities also relatively affordable.

INTRODUCTION

Rural development is a form of development that emphasizes the unique wisdom of rural areas. It encompasses the demographic structure of the community, socio-cultural characteristics, physical/geographical features, agricultural business activity patterns, economic linkages between rural and urban areas, village institutional sectors, and the characteristics of residential areas. (Gai, 2020).

Village development is governed by the village law, which aims to improve human well-being and alleviate poverty by meeting basic needs, developing village infrastructure, enhancing local economic potential, and sustainably utilizing natural and environmental resources. By effectively managing the village's potential, including natural resources, human resources, tourist attractions, and local wisdom, among others, a village can become self-sufficient or even advanced. By advancing and making villages more self-reliant, it is hoped that they can improve the welfare and quality of life of their residents. (Ramly, 2018).

By making villages more advanced and self-sufficient, it is expected that they can enhance the welfare and quality of life of their residents. Village development will have a positive impact on efforts to build infrastructure, develop village economic potential, and sustainably utilize natural resources. However, there may also be negative impacts during the development process. The Village Law carries the main mission that the state must protect and empower villages to become strong, advanced, self-sufficient, and democratic, thus creating a strong foundation for implementing governance.

The ownership of village assets has not yet aligned with the efforts to inventory and document them properly and make them easily accessible to the public. Nonetheless, the utilization of these assets has already been felt by the village government, benefiting both village officials and the community through the revenue generated from village assets, which contributes to the Village Original Income (PAD). Villages that possess assets have already managed to utilize them, with the resulting income included in the Village Budget (APB Desa) (Rofiq, 2016).

Village-Owned Enterprises (BUMDes) are village enterprises managed by the village government and have legal status. The village government can establish village-owned enterprises according to the village's needs and potential. The formation of BUMDes is regulated by village regulations, and the management of BUMDes consists of village government officials and local community members. The existence of BUMDes can leverage the potential of a village, whether from natural resources or the community. Additionally, BUMDes are expected to increase the village's original income (PAD) (Suparji, 2019).

The legal basis for the establishment of Village-Owned Enterprises (BUMDes) is Law No. 6 of 2014 on Villages. This law includes four articles that explain BUMDes, specifically in Article 87, which states:

1. Villages may establish Village-Owned Enterprises, referred to as BUMDes.
2. BUMDes are managed with a spirit of kinship and mutual cooperation.
3. BUMDes can engage in economic activities or public services in accordance with statutory regulations.

Furthermore, Article 88 also discusses the establishment of BUMDes:

1. The establishment of BUMDes can be agreed upon through Village Deliberations.
2. The establishment of BUMDes as referred to in paragraph (1) is determined by Village Regulation.

Article 89 states that the profits from BUMDes activities are utilized for:

1. Business development;
2. Village development, community empowerment, and providing assistance to impoverished residents through grants, social aid, and revolving activities as stipulated in the Village Budget.

Furthermore, Article 90 specifies that the Government, Provincial Government, Regency/City Government, and Village Government encourage the development of BUMDes by:

1. Providing grants and/or access to capital;
2. Offering technical assistance and market access;
3. Prioritizing BUMDes in the management of natural resources in the village.

PermenDesa Number 4 of 2015 provides more detailed explanations regarding the process of establishing BUMDes, the eligibility criteria for managing BUMDes, its capitalization, permitted types of business activities, as well as the reporting and accountability requirements. One example of a Village-Owned Enterprise (BUMDes) is BUMDes Hayati, located in Penghidupan Village, Kampar Kiri Tengah District. Initially, BUMDes Hayati was named UED-SP Hayati, established on May 7, 2013, with initial funding of Rp. 500,000,000 sourced from the Regency's budget (APBD). Over time, after meeting the necessary requirements, the name UED-SP Hayati was changed to BUMDes Hayati on June 2, 2016. The purpose of establishing BUMDes Hayati is to increase local and village revenue by enhancing the community's capacity to plan and manage village economic development.

The target of BUMDes Hayati is to serve village residents in developing productive economic enterprises through cooperative, participatory, emancipatory, transparent, accountable, and sustainable approaches. Therefore, serious efforts are needed to ensure the effective, efficient, and independent management of BUMDes. To achieve the goals of BUMDes Hayati, efforts are made to meet the productive and consumptive needs of the community through the distribution of goods and services managed by the community and the village government.

BUMDes Hayati in Penghidupan Village operates three types of businesses. The detailed activities of each business unit are as follows: Savings and Loan Unit (UED-SP) established in 2013: This unit provides capital loans for business development to the residents of Penghidupan Village, supporting ventures such as livestock farming, trading, plantation, agriculture, and animal husbandry. Convenience Store Unit (Waserda) established in 2016: This unit supplies and sells fertilizers and agricultural tools, making it easier for residents to purchase farming equipment locally. Hand Tractor Rental Unit established in 2017: This unit offers plowing equipment for rent to village residents, so they no longer need to rent equipment from the city. This unit also serves renters from outside the village. These business types are aligned with the

potential of Penghidupan Village. The establishment of BUMDes aims to effectively manage the village economy and achieve tangible economic strengthening.

In the Savings and Loan Unit of BUMDes Hayati, staff conduct initial checks and field surveys on potential borrowers before approving loans. This unit has shown growth each year. Loan repayment schedules are set according to the date of loan disbursement. In case of late payments or defaults, borrowers receive a letter inviting them to discuss resolving the arrears.

The primary goal of the Savings and Loan Unit at BUMDes Hayati is to act as an economic driver for Penghidupan Village. The loan amounts range from Rp. 1,000,000 (one million) to Rp. 25,000,000 (twenty-five million). If borrowers fail to pay the principal or interest on time, they are subject to sanctions, including warning letters issued by BUMDes Hayati. There are several requirements that must be met by residents when applying for a loan from BUMDes Hayati in Penghidupan Village to support their business operations. These requirements include being a native resident of Penghidupan Village, providing a copy of the Family Card, copies of the husband and wife's ID cards, a photo of the prospective borrower, and collateral (valuable documents).

Loan repayments are due according to the date of loan disbursement. In case of arrears or late monthly payments, the borrower will receive an invitation from BUMDes Hayati to discuss resolving the arrears. The Savings and Loan Unit of BUMDes Hayati has supported various community businesses, including oil palm plantations, rubber plantations, food crop agriculture, vegetable and fruit farming, cattle and goat farming, fish farming, and grocery stores. However, the income and profits of each business unit within BUMDes Hayati have been declining year by year, impacting business development in Penghidupan Village, Kampar Kiri Tengah District, Kampar Regency.

Furthermore, managing BUMDes requires good human resource management. The involvement of the village community is crucial for BUMDes because the quantity, quality, and development process of human resources directly and indirectly involved in BUMDes management determine the progress of its activities. The involvement of all community layers, from planning and implementation to evaluation, is evidence of BUMDes' success.

Based on the Annual Accountability Report of the Village Deliberation (MDPT) for 2022, BUMDes Hayati has made progress in its management as mandated by the Village Empowerment Program (PPD), in accordance with the established articles of association and bylaws (AD/ART). However, there are still weaknesses and shortcomings in its management, which are as follows: Declining Profitability; The profits generated by each business unit within BUMDes Hayati have been decreasing year by year. Loan Repayment Issues: In the Savings and Loan Unit, community awareness regarding loan repayments to BUMDes tends to be low, often resulting in delays and arrears. This situation causes BUMDes to incur losses due to the inability to use funds that should be allocated for purchasing inventory. Socialization Challenges: There are difficulties in socializing efforts to stimulate the village's economy. The community has not yet felt an increase in income due to a lack of skills in running their businesses.

This research aims to analyze the effectiveness of BUMDes Hayati's management in enhancing the economic welfare of the community in Penghidupan Village and to

identify the obstacles affecting the effectiveness of BUMDes Hayati's management in improving the economic welfare of the community in Penghidupan Village.

METHODOLOGY

This research was conducted at the BUMDes Hayati Office in Penghidupan Village, Kampar Kiri Tengah District, Kampar Regency, from September 23, 2024, to October 20, 2024. The purpose of this study is to analyze the effectiveness of the management of BUMDes Hayati in relation to the economic welfare of the community in Penghidupan Village, Kampar Kiri Tengah District, Kampar Regency.

The research method employed is qualitative with a descriptive approach. Qualitative methods aim to uncover the various uniqueness found in individuals, groups, communities, and/or organizations in everyday life in a comprehensive, detailed, in-depth, and scientifically accountable manner. (Sandi & Sodik, 2015). The aim of this descriptive research is to create a systematic, factual, and accurate description, portrayal, or depiction of the facts, characteristics, and relationships among the phenomena being investigated. (Prasanti, 2018).

The informants or research subjects, as outlined by Suyanto & Sutinah, (2013), include key informants, primary informants, and additional informants, totaling nine individuals. The data sources in this study consist of primary and secondary data (Moleong, 2016). Data collection methods are conducted through observation, interviews, and documentation (Bungi & Burhan, 2013; Irawan et al., 2016; Basuki, 2006) Data analysis is performed according to Miles & Huberman, (2014), which includes data reduction, data presentation, and conclusion drawing.

RESULTS AND DISCUSSION

A. The Effectiveness of the Management of the Village-Owned Enterprises (BUMDes) Hayati on the Economic Welfare of the Community in Penghidupan Village, Kampar Kiri Tengah District, Kampar Regency

Essentially, Village-Owned Enterprises (BUMDes) are community enterprises that are ready to explore existing potential to build or enhance the economy and welfare of the village community. They play an active role in efforts to improve the quality of life, strengthen the community's economy as the foundation of national economic strength and resilience, strive to realize and develop the village community's economy, and assist the community in increasing their income, thereby improving the income and welfare of the people. The indicators used in the research on the effectiveness of the management of the Hayati Village-Owned Enterprises (BUMDes) on the economic welfare of the community in Penghidupan Village, Kampar Kiri Tengah District, Kampar Regency are as follows:

1. Achievement of Goals

Achievement of goals is a process that measures the extent to which a program or activity has successfully reached its objectives. In this case, to assess the effectiveness of a program or activity, it is necessary to evaluate the achievement of the goals that have been previously established. By conducting this evaluation, we can determine how effective the program or activity has been in reaching its intended objectives. The management of BUMDes Hayati in improving the economic welfare of the village

community has not yet been fully effective due to the management of BUMDes Hayati still being suboptimal and certain weaknesses existing in its management.

However, the presence of BUMDes is currently very helpful to the village community, as BUMDes Hayati plays a role in creating business opportunities for the residents. The existing community businesses continue to grow, and a small number of young generations are also attempting to develop new business opportunities, such as fish farming, poultry farming, and transportation services (boats) to fishing areas. Additionally, the loan repayments for business capital provided by BUMDes Hayati to the village community are relatively affordable.

2. Integration

Integration is the measurement of an organization's ability to conduct socialization, develop consensus, and communicate with various other organizations. Integration involves the socialization process. In BUMDes, integration refers to the process of combining various programs and activities carried out by BUMDes to achieve the same objectives. The main goal of this integration is to enhance the effectiveness and efficiency of BUMDes in providing services to the village community

The management of BUMDes Hayati has conducted socialization for the village community, which takes place once a year during the Annual Village Accountability Meeting (MDPT). The villagers are aware of the existence of BUMDes Hayati and its programs, and many members of the community have borrowed from BUMDes Hayati, which has greatly assisted the local economy.

From the results of the interviews, it can be concluded that for this indicator, the effectiveness of the management of Badan Usaha Milik Desa (BUMDes) Hayati in relation to the economic welfare of the community in Desa Penghidupan, Kecamatan Kampar Kiri Tengah, Kabupaten Kampar is already progressing well.

Here's the translation:

3. Adaptation

Adaptation is the organization's ability to adjust to changes occurring in its environment. Therefore, measurements are taken to assess the extent to which objectives are achieved in relation to their success level. In this context, adaptation will be measured in terms of the alignment of programs with on-ground conditions and human resources.

The management of BUMDes Hayati always plans to add types of businesses that align with the conditions or potentials available in Desa Penghidupan, and of course, also in accordance with the capabilities of BUMDes Hayati. Based on the author's interview with Ms. Eka Afriyanti, the treasurer of BUMDes Hayati, regarding the outcomes or profits from the units managed by BUMDes Hayati, the profits are utilized to increase the capital of BUMDes, to enhance the village's Original Income (Pendapatan Asli Desa - PADes), and to provide social assistance to the community. For example, financial support is given for competition activities during Ramadan and on Independence Day (August 17).

It can be concluded that for this indicator, the effectiveness of the management of Badan Usaha Milik Desa (BUMDes) Hayati in relation to the economic welfare of the community in Desa Penghidupan, Kecamatan Kampar Kiri Tengah, Kabupaten Kampar is already progressing well.

B. Barriers to the Effectiveness of the Management of Village-Owned Enterprises (BUMDes) Hayati in Relation to the Economic Welfare of the Community in Desa Penghidupan, Kecamatan Kampar Kiri Tengah, Kabupaten Kampar

The barriers encountered in managing BUMDes Hayati include the community not feeling an increase in income due to limited human resource development and the lack of understanding from the BUMDes structural team regarding the management of BUMDes Hayati, as well as the minimal entrepreneurial skills possessed by the community. Additionally, BUMDes Hayati has not been able to engage a significant number of young people in Desa Penghidupan, resulting in the business logic established by BUMDes Hayati currently operating under a conventional model, primarily run by the older generation.

Furthermore, many community members believe that BUMDes should generate substantial profits in monetary terms (rupiah). This perspective places an additional burden on the village government and the structural team of BUMDes Hayati, as they are expected to create a money-making machine. Social welfare should not only be about monetary figures but also encompass the social benefits felt by the community, which can drive and encourage the development of the village economy.

CONCLUSION

The effectiveness of the management of the Village-Owned Enterprise (BUMDes) Hayati in enhancing the economic welfare of the community in Desa Penghidupan, Kecamatan Kampar Kiri Tengah, Kabupaten Kampar, has been effective, although there are several obstacles in its implementation. Currently, the presence of BUMDes is very helpful to the village community, as BUMDes Hayati plays a role in creating business opportunities for the community. The existing businesses continue to develop, and a small number of young generations are also attempting to explore new business opportunities. Additionally, the repayment of business capital loans provided by BUMDes Hayati to the village community is relatively affordable.

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