

THE DEVELOPMENT OF VILLAGE-OWNED ENTERPRISES THROUGH THE EMPOWERMENT OF VILLAGE ASSETS IN KUWARON VILLAGE, GUBUG DISTRICT, GROBOGAN REGENCY, CENTRAL JAVA

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ABSTRACT

Kuwaron village, Gubug District, Grobogan Regency, Central Java, is one of the villages that wants to improve the ranking of maju mandiri villages, such as efficient village asset management to get Village income through village-owned enterprises (BUMDes). Demographically, the population's livelihood is that of farmers. The natural conditions of the village are very potential for the development of village-owned enterprises. The village government's main problem is managing village-owned enterprises with the potential to be owned by the village. This research used normative research. The primary substance for Village-owned enterprises is how to organize and manage the creative economy based on the potential and assets of the village. However, this cannot be done optimally because the Kuwaron village government and the management of village-owned enterprises still face some obstacles. This activity aims to strengthen, enlighten, and open up insight into the rules of law related and closely related to the management of village-owned enterprises so that they can institutionally synchronize the formulation and determination of asset management policies following the village's potential. Moving on from these objectives, the methods used in this activity are legal counseling on village asset management for developing village-owned enterprises.

A. INTRODUCTION

Government Regulation No. 11 of 2021 addresses village-owned enterprises (BUMDes), legal entities established by villages and/or in collaboration with villages. These entities are tasked with managing businesses, utilizing assets, developing investment opportunities and productivity, offering services, and conducting various other business activities to maximize the village community's welfare. BUMDes are envisioned to be a driving force for enhancing welfare and economic productivity in villages by leveraging their unique potential. These enterprises represent a new form of business deeply rooted in local

resources and aim to optimize the economic activities of rural communities.¹ Additionally, there will be a growth in business opportunities aimed at bolstering village autonomy and decreasing unemployment.

BUMDes is an enterprise that manages village economic assets and resources while empowering the village community. Recognizing the importance of development at the village level, the government conducted various programs to encourage the acceleration of rural development, but the results are still insignificant in improving the community's quality of life and welfare. BUMDes was born on the will of all villagers, which was decided through village deliberations (Musdes). Musdes is the forum that shows the nature of cooperation.² As the forerunner who initiated the taking of various major decisions in BUMDes ranging from the institution's name, the selection of administrators to the type of business to be carried out. In this process, there were at least two large meetings involving all essential elements of the villagers in a representative manner. The first is socialization and the formation of a team in charge of overseeing the entire formation process, and the second meeting to give birth to various final decisions. The whole process is, of course, the responsibility of the village government as the organizer. Based on data from the Ministry of Villages, the development of disadvantaged regions, and transmigration in 2020, the No. of village-owned enterprises (BUMDes) throughout Indonesia reached 51,134 BUMDes.³ That No. is five times the target of the village Ministry, which only set only 5000 BUMDes. The problem is, until now, various data states that most BUMDes are still limited in standing and do not have business activities that produce them.

Various problems have caused thousands of BUMDes not to grow as expected. First, because the BUMDes discourse for many villages has not been correctly understood in its management, the regulations and provisions regarding BUMDes have not been socialized in a targeted manner. Secondly, for many years, the village was a government structure that ran based on instructions from the institutions above it. Almost everything the village chief and his device troops cared for was centered on administrative issues. Even if the village gets a portion of the building, the budget that flows can be said to be 'the rest.' Thus, the birth of the village law made the village head and his ranks need time to study the law and learn about various new roles and responsibilities related to the arrival of BUMDes in his village. This is a big task not only for the Ministry of Villages but also for all villages throughout the archipelago to be able to explain BUMDes. However, it is also a big challenge for village heads in various

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- 1 Syahriza, R., Pane, J. A., Azhari, F. I., Selayan, A. N., Meliyani., Azhari, M., Peranan Badan Usaha Milik Desa (BUMDES) Dalam Peningkatan Perekonomian Masyarakat Di Desa Tanah Merah (Studi Kasus Pada Bumdes Pabrik Tahu Desa Tanah Merah Kecamatan Galang Kabupaten Deli Serdang), *EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis*, Vol. 11, No. 1, 2023
 - 2 Ali Abdurahman, dkk. Optimalisasi Musyawarah Desa Linggawangi Kabupaten Tasikmalaya Dalam Perencanaan Pembangunan Desa Yang Berkelanjutan, *Jurnal Pengabdian Kepada Masyarakat*, Vol. 2, No. 3, 2018
 - 3 Siaran Pers Badan Riset dan Inovasi Nasional No : 128/SP/HM/BKPUK/XI/2022, *Dukung Kebangkitan Ekonomi Desa, BRIN Usulkan Transformasi Digital Pengelolaan BUMDes*, <https://www.brin.go.id/>, Accessed on 18 June 2024

corners of the country to understand and run it. Several problems are still encountered while developing BUMDes.

BUMDes is a government program that has been launched so that village progress can be realized immediately. College academics have a duty. One of them is community service,⁴ where the participation of the community college can help them through patterns of mentoring problems faced by BUMDes, considering the position of the community on village government policies and the legal basis, management and technical implementation, and village assets need to be appropriately managed. This is the basis for community service activities and the selection of a community service location in Kuwaron village, Gubug District, Grobogan regency, Central Java, which is one of the efforts to increase the involvement and active role of universities to help problems faced by BUMDes in the village. Based on the above, this program is proposed as a community service activity to be carried out by lecturers in the Legal Studies Program of the Faculty of Law, National University. This service Program is an activity that will be sustainable with fields of arable focused on structuring the physical and social environment of the community. Legal counseling and technical understanding of BUMDes management, with targets to be achieved in the short and long term.

B. RESEARCH METHODS

This research used normative research methods, especially in building a deep understanding of a legal issue's theoretical and conceptual aspects. This method relies on legal material as the primary source. This approach is often referred to as the approach of literature with a focus on research.⁵ In a qualitative context, research approaches focus on analyzing detailed legal norms contained in existing legislation. This assessment allows the researcher to explore the meaning and implications of each existing norm and understand how these norms interact and shape the legal system.⁶ The data analysis used is qualitative. Qualitative data analysis systematically collects data from interviews, field notes, and other materials to make the results easier to understand and communicate to others. The primary purpose of data analysis is to gain a deep understanding of the phenomenon under study so that it can be used to formulate solutions or recommendations for overcoming the problems faced.

C. RESULTS AND DISCUSSION

BUMDes is an economic institution or village enterprise with a legal entity formed and managed independently by the local village community. The Indonesian government has high expectations for the BUMDes program to advance the economy, enhance the welfare of the Indonesian people fairly and equitably, and promote prosperity from the central areas to the

4 Herlina Emilia, Bentuk Dan Sifat Pengabdian Masyarakat Yang Diterapkan Oleh Perguruan Tinggi, PKM: Jurnal Pengabdian Kepada Masyarakat, Vol. 2, No. 3, 2022, page. 122-130

5 Bambang Sunggono., *Metodologi Penelitian Hukum*, Jakarta, Raja Grafindo Persada, 2003, page 27-28.

6 Soerjono Soekanto dan Sri Mahmudji, *Penelitian Hukum Normatif, Suatu Tinjauan Singkat*, Jakarta, Raja Grafindo Persada, 2003, page. 14

villages. The capital of BUMDes is primarily or entirely derived from the village's separate wealth, as stipulated in Government Regulation No. 72 of 2005 on villages. According to Ngesti D. Prasetyo (2006), BUMDes holds a very strategic position. Ultimately, BUMDes acts as a catalyst for the village economy and the well-being of the village community. The enactment of Village Law No. 6 of 2014 grants regions the authority to manage and oversee their affairs to achieve community welfare. This law also acknowledges village autonomy, giving villages the power to govern, develop, and manage their finances. Therefore, village development must be well-planned and responsive to the actual needs of the local community to ensure that rural development is community-centered. With the allocation of village funds, villages can independently manage their development, governance, and social life.

The allocation of village funds represents the village's right to exercise its autonomy, fostering growth and development based on diversity, participation, democratization, and community empowerment. It also aims to accelerate development within the village. However, many BUMDes in various regions are not operating as intended due to a range of region-specific factors. Similarly, BUMDes in Kuwaron village, Gubug District, Grobogan Regency, are not functioning optimally. This is reflected in the village's original income (PADes). The Kuwaron village government established BUMDes in alignment with the village's needs and potential, as determined by village regulations, and its management includes both the village government and the local community.

Meanwhile, the capital or funding sources for Village-owned enterprises (BUMDes) include contributions from the village government, community savings, assistance from central, provincial, and regency/city governments, and loans or capital investments from other parties. They can also obtain funds through profit-sharing collaborations based on mutual benefit. BUMDes are allowed to borrow funds only after receiving approval from the village consultative body (BPD).⁷ The results and outcomes in the first material explanation of the introduction of regulation, understanding, and management of BUMDes are explained as follows: BUMDes have an essential role and function in business activities, especially regarding the legal protection of businesses and their legal mechanisms. For a more precise understanding, examples of the success of other villages are also included. In addition, several cases related to business disputes were also submitted.

The sustainability activities of the PKM program aim to enhance the overall welfare of society, preventing the creation of a hegemonic business model by specific groups at the village level. This effort reflects the establishment of rules within a robust institutional framework. Strengthening institutional capacity will focus on rules that bind all members (one for all). Monitoring will encompass planning, implementation, and evaluation stages. According to the regulation of the Minister of Home Affairs No. 39 of 2010,

⁷ NN, Badan Usaha Milik Desa (BUMDES), <https://desa-sukadana.kuningankab.go.id/>, Accessed on 18 June 2024

article 5 Paragraph 1, Village-owned enterprises (BUMDes) can be established based on the needs and potential of the village. This refers to addressing the specific requirements and leveraging the unique opportunities present within the village,⁸ is:

1. The needs of the community, especially in the fulfillment of basic needs.
2. Available village resources that have not been optimally utilized, especially the wealth of the village, and there is demand in the market.
3. Available human resources capable of managing business entities as assets driving the community's economy
4. The existence of business units is an economic activity of citizens that is partially managed and less accommodated.

The village government, BPD, and KPMD (Village Community Empowerment Cadre) monitor the socialization of BUMDes in the village community. This monitoring aims to ensure that the village community and institutions understand what BUMDes are, the purpose of establishing them, the benefits they provide, and the innovative-progressive efforts to assure the community of these benefits.

The establishment of BUMDes aims to serve as the driving force for local economic development at the village level. This development is grounded in the village's needs, potential, and capacity, along with capital contributions from the village government in the form of funding and village assets. The ultimate goal is to enhance the economic status of the village community. The formation of BUMDes as the village's development engine is primarily driven by the government and the village community's initiatives, which are based on cooperative, participatory, and emancipative principles. The BUMDes guidebook, published by the Ministry of National Education in 2007, outlines several detailed stages in the process of establishing BUMDes.

The initial idea of establishing a BUMDes can come from individuals or community groups and needs to be discussed in the village discussion forum. Some of the activities that must be done to prepare the establishment of a BUMDes include conducting a business feasibility study related to the utilization of village potential, then preparing a business plan and an annual timing plan to optimize the products (goods and services) that the BUMDes will offer. In addition, the preparation also includes preparing the draft articles of association/bylaws (AD/ART), determining prospective managers and their staff, using village funds as authorized capital, and drafting village regulations. The next step is to hold a village discussion to agree on establishing a BUMDes, determined through village regulations. Finally, the preparation includes providing operational facilities and infrastructure for the BUMDes. By carrying out this series of activities, the village community can ensure comprehensive preparation for establishing the BUMDes, which is expected to contribute to village development positively.⁹

8 Ahmad Soleh., Strategi Pengembangan Potensi Desa, *Jurnal Sungkai*, Vol. 5, No. 1, 2017, page. 32-52,

9 Khristina Yunita, dkk., *Konsep Pendirian dan Pengembangan Bumdes*, Prosiding SATIESP 2019, page. 171-177

These four core subjects serve as the foundation for guidelines provided to village governments and Village Consultative Bodies for establishing village regulations regarding the creation of BUMDes. Additionally, Permendesa No. 4 of 2015 outlines, in clear and detailed terms, the technical management of BUMDes operations, including the roles and functions of each BUMDes component. While the content of Village Regulation No. 4 of 2015 is generally accepted, it necessitates regional adaptations, which are subsequently governed by regulations set by the Regent/Mayor, considering the local nature, environment, and culture.

The management of BUMDes requires professional and independent oversight, necessitating individuals with the necessary competence for effective administration. This entails recruiting qualified employees¹⁰ or managers, and equivalent positions must adhere to the standards outlined in the Articles of Association or bylaws of BUMDes. For instance, the manager should possess work experience in a profit-oriented institution and hold a minimum educational background of a high school diploma or equivalent. Preferably, individuals in finance, treasurer, and secretary positions should have vocational school (SMK/SMEA) backgrounds or hold a diploma (D III) in accounting and secretary studies.

One important thing in managing BUMDes is that the government and the community need transparent management and reporting. This means the essential management must be transparent and open to have a check and balance mechanism for the village government and the community.¹¹ To move forward, it is necessary preparation of business development plans. For this reason, innovations are needed, and people should always be aware of changes and developments that occur in society.

Some initial preparation steps that need to be done by the village in establishing BUMDes include:

1. Share and disseminate ideas or proposals for establishing BUMDes. These suggestions may originate from either the village government or the community. Regardless of the source, if the idea resonates positively with the community, it should be discussed with the village council.
2. Next, a thorough assessment or brief study will be conducted to identify the various potentials within the village, including natural resources, agriculture, animal husbandry, fisheries, tourism, cultural and traditional aspects, and the existing human resources within the community. Additionally, identify the assets and wealth under the village's jurisdiction.
3. Subsequently, identify and categorize the assets and wealth within the village, distinguishing between those under the village's authority and those not under its jurisdiction. Based on this identification, village regulations governing the assets and wealth should be established under the village's authority.

10 Santy Setiawan, dkk., Proses & Hasil Rekrutmen Sumber Daya Manusia Pada Bumdes Rancabango Garut, *SULUH : Jurnal Abdimas*, Vol. 2, No. 2, 2021;

11 Nadya Pakaya, dkk, Transparansi Pengolaan Badan Usaha Milik Desa (Bumdes) Di Desa Kamanga Kecamatan Tompas, *Jurnal Administrasi Publik*, Vol. 5, No. 74, 2019

The management structure of BUMDes includes Advisors, operational implementers, and supervisors. Under their position, the village head serves as an advisor to BUMDes, responsible for offering guidance, suggestions, and opinions to operational implementers and overseeing the implementation of BUMDes activities. Additionally, the village head holds the authority to seek clarification from operational executors regarding the management of Village businesses and to safeguard Village businesses from factors that could undermine BUMDes performance.

The initial capital for BUMDes is sourced from village capital participation and allocated through the village budget (APBDesa). This capital does not necessarily have to come from village fund transfers but can originate from any funds deposited into the village Cash Account as village income. BUMDes capital comprises Rural Capital participation and Community Capital participation. Village Capital participation may include private grants, government aid, business collaborations, and village assets allocated to the APBDesa. Rural community capital participation is sourced from savings and community funds. Villages can augment their capital participation in BUMDes through budget financing in the APBDesa, considering the village's financial state and BUMDes' capacity for business development. BUMDes wealth from rural capital participation constitutes the village's separate wealth.

D. CONCLUSION

Based on the discussion above can be concluded that: 1) The implementation of socialization on the introduction of Basic Law, legality, objectives, and benefits of BUMDes in efforts to increase development and village revenue (PADes) has met the targeted outcomes, namely an increase in understanding of BUMDes. After the socialization and presentation of the material provided, participants can explain the purpose of BUMDes to fellow citizens, explain the functions and benefits, and explain the mechanism for establishing BUMDes. In addition, some participants have begun to identify problems and open information in a technology-based system by providing a web connection on the Central BUMDes page to connect with related institutions to obtain legality/ legal protection and problem-solving. 2) BUMDes socialization activities as a strategy to improve the community's welfare have achieved external targets. Participants initially only knew BUMDes, but after socialization was given, participants understood that BUMDes had benefits for the general public. Thus, participants who did not understand the concept started joining BUMDes-owned businesses and studying with village officials and the secretariat to manage BUMDes in their hamlets. 3) Socialization, education, demonstrations, and simulations on introducing BUMDes development mechanisms to increase rural areas have achieved external targets. After the socialization, participants understand and can identify consumer needs, determine the potential target assets of each village, identify competitors, choose the means to compete, and choose the use of media in the promotion.

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