

## Management Strategy for Village-Owned Enterprises

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### Abstract:

**Background:** Village-Owned Enterprises (BUMDes) are Village business institutions managed by the community and Village Government and are legal entities. The existence of Village-Owned Enterprises is to strengthen the Village community's economy. This study's problem is the management of financial accountability and the implementers' attitudes, and the Village-Owned Enterprises' implementation report. It is hoped that BUMDes' existence will trigger economic growth and encourage the wheels of economic life. As a driving force for the Village community's economy, Village-Owned Enterprises' management must fight to improve their business units' quality. Support is needed from the Government, both the Village Government and the District Government, to help plan to market the products managed by the BUMDes. The research objective is to examine and explain Village-Owned Enterprises' management strategy in realising an independent village. The type of research used is descriptive qualitative, using a case study approach (case study). The research focus is on the management of Village-Owned Enterprises. Data obtained through primary and secondary data sources. Data collection techniques through interviews, observation, questionnaires and literature. The research instrument is the researcher himself. Stages carried out data analysis; data collection, simplification of data, presentation of data and concluding. The research results on the SWOT analysis on the WT strategy (weaknesses and challenges) to formulate Village-Owned Enterprises management strategies with the Cadre-based Management Intervention Model show that the management of Village-Owned Enterprises is related to the institutional managerial of Village-Owned Enterprises. The Village Government can accelerate the development and performance improvement of Village-Owned Enterprises administrators to create an Independent Village. The research conclusion was several aspects of quality financial management: village government bureaucratic accountability and human resource capabilities. BUMDes management, namely management patterns, institutions, supporting human resources, market locus, types of business, and others that are thought to have a dominant influence on the development of the existence of BUMDes in several regional characteristics and management strategies in internal and external environmental factors.

**Key Word:** Institutional, Independent Village, Regeneration, Village-Owned Enterprises Strategy.

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### I. INTRODUCTION

The Government has a strong desire to improve rural communities' economy so that local village economic institutions are formed. The potential for local village wisdom is the formation of Village-Owned Enterprises (BUMDes), whose legal basis is Law Number 6 of 2014 concerning Villages (Nuak, F. S et al., 2019). The village as part of the territory of a district has genuine autonomy. Even though it is within the limits of original autonomy, the village, with all its instruments, is given the freedom to build the capacity of its economic and financial resources to increase the village's economic growth and increase its people's welfare. Therefore, the management of Village local resources in the form of human resources, capital resources, natural resources and social resources is the village's responsibility. BUMDes is one of the Government's programs to develop and improve the rural economy according to its potential. It has led many villages to build and develop BUMDes with various programs (Jepri, A., 2019).

Capital barriers experienced by cooperatives do not need to be resolved by forming a new legal entity but through a linkage program. The linkage program between commercial banks and cooperatives was launched by the ministry of cooperatives and small and medium enterprises (Murwadji, T et al., 2017) state no transparency and communication between supervisors, managers, and BUMDes members and even to the community. The community's role is still fragile, and this is because the provision of loans by BUMDes is considered state money that does not need to be returned. It is still an obstacle in the management of BUMDes (Bima, H, 2020).

According to (Nursetiawan, I., 2018), an independent village as part of national development ideals is hampered by various problems in its realisation. One of the most dominant things, namely in the economic sector and the social sector. In the economic sector, there are still many people who are below the poverty line. The role of BUMDes in increasing the original village income has not been seen because of the financial management system, marketing, production, distribution and human resources (Senjani, Y. P., 2019). Thus, the management of Village-Owned Enterprises that manages based on the potential in the village will be carried out properly so that the achievement of welfare and income of the Village community is fulfilled. The research objective is to study and explain the management strategy of BUMDes in realising an independent village.

**II. MATERIAL AND METHODS**

This research is qualitative descriptive research. The qualitative method is used to obtain in-depth and meaningful data (actual data and factual data that contains a value behind the visible data). In the form of descriptive research, the research seeks to describe a symptom, event, and events that are happening now. Descriptive research when the research was taking place focused on the real problem. In determining the research location, the researcher chose to conduct this research in Maros Regency. The research was carried out from August - October 2021. Sources of data were obtained through primary and secondary data sources. The informants in this study were the village head, district-level guidance team, sub-district level guidance team, village implementers and community leaders.

The focus of this research is the strategy of managing village-owned enterprises in realising independent villages. The research instrument is the researcher himself collecting research data in the form of interview guidelines and observation forms. This research has received permission from the agency number: 200 / VIII / IP / DPMPSTP / 2020. The data collection techniques used were interviews, observation, documentation collection, and focus group discussions. Data validation was carried out by triangulation to ensure the validity of the data obtained in the study. Data analysis was carried out by qualitative data analysis with stages; data collection, data simplification, and data display using Nvivo12.

**III. Research Result**

Using the SWOT matrix analysis, the study results obtained several strategic formulations, namely, to analyse the management strategy of the BUMDes. SWOT analysis is used to determine the strengths and weaknesses of the internal environment and opportunities and threats from the external environmental side of BUMDes Ampekale management, Bontoa District, BUMDes Purnakarya, Tanralili District and BUMDes Cenrana Baru, Cenrana District, Maros Regency (case study). When everything is done correctly, a SWOT analysis can guide making an excellent strategic plan. SWOT analysis can help find strategic advantages that can serve as a model for the management of BUMDes.

IFE  EFE	<b>Strengths/S</b> 1. Adequate office infrastructure 2. Business fields to be managed serve the needs of public consumption 3. Products are easy to market;	<b>Weaknesses/W</b> 1. Human resource management capacity is low 2. There is no clear vision and mission of the organisation 3. The organisational structure is not ideal 4. Weak in Administration and Finance 5. Weak in production management
<b>Opportunities/O</b> 1. Total population as consumers. 2. Has excellent village potential to be developed. 3. The development of technology is getting more advanced. 4. Conducive socio-cultural conditions.	<b>S-O Strategy</b> 1. Optimising the performance of BUMDes with technology development (SO1) 2. Establishment of BUMDes information service centre (SO2) 3. Establishment of community-based leading products business unit. (SO3) 4. Optimisation of product marketing through information technology (E-Commerce) (SO4).	<b>W-O Strategy</b> 1. Develop a business unit that is needed BUMDes Society 2. Develop and optimise human resource management through Entrepreneurship Training, Management of BUMDes and the use of Information Technology (WO1) 3. Optimising the Vision and Mission of BUMDes based on Village Leading Products (WO2) 4. Develop and revitalise BUMDes institutions through community participation (WO3) 5. Increasing BUMDes institutions through cooperation with financial institutions (WO4)
<b>Threats/T</b> 1. The excellent potential is not focused. 2. There is no collaboration with other BUMDes and the private sector. 3. The use of technology is not optimal. 4. The Internet network in the village is poor. 5. Budget Support by Local Government 6. There are competitors in other villages with the same type of business. 7. Community Participation in BUMDes Management	<b>Strategi S-T</b> 1. BUMDes business development focuses on Village Leading Products (ST1). 2. Formation of partnership business with other parties (ST2) 3. Provision and Use of Village Information Technology (Village Internet) (ST3). 4. The revitalisation of BUMDes Regional Regulations based on guidance and increasing Village Income (ST4). 5. Strengthening product promotion through market mechanisms (ST5). 6. Provision of community services for the development of BUMDes management (ST6).	<b>Strategi W-T</b> 1. Encourage the Government to issue Regional Regulations for the guidance and financing of BUMDes management development. 2. Looking for alternative sources of financing and building new business networks with other institutions outside the community.

#### **IV. DISCUSSION**

Based on the SWOT analysis, the strategy of strengthening the institutional capacity of BUMDes with a cadre-based management intervention model can answer the problems of BUMDes management. As part of national development ideals, independent villages are hampered by various problems in their realisation. One of the most dominant things, namely in the economic sector and the social sector. Village development is an effort to improve the standard of living and welfare of rural communities. In village development, a strategy is needed to achieve progressive goals and, of course, sustainable. Each village certainly has different natural resource potentials, and this is in line with the topography and contours of a rural area itself. Natural Resources are one of the main supporting factors in village development.

(Nursetiawan, 2018) BUMDes that grew from social solidarity and local wisdom were much more robust and sustainable because of government intervention. Local wisdom that is parallel to the wealth of social capital and political capital is a factor that significantly influences the resilience and sustainability of BUMDes. According to the research results by Diartho (2017) states, one of the efforts that can alleviate the problem of poverty and realise the independence of a village is the establishment of a business institution called Village-Owned Enterprises (BUMDes). BUMDes is a business entity that is wholly or most of the village's capital to manage assets, services, and other businesses for the maximum welfare of the village community (Syukuran, 2016).

In this process, several approaches are taken, namely understanding the organisation's position with similar organisations. Therefore, different strategic approaches that are beneficial and efficient for the organisation through understanding the position will be obtained (Nayeri et al., 2008). According to Anggraeni's research (2017), the existence of BUMDes is undeniably bringing about changes in the economic and social fields. Asset management strategies carried out by BUMDes Sekapuk include observing the environment, formulating strategies, implementing strategies, and evaluating or controlling (Hayyuna, R., 2014). According to Ihsan & Setiyono (2018), availability of resources, community participation and empowerment, government support and cooperation with third parties. (Hayyuna, R., 2014) states that the management strategy that BUMDes have carried out can increase village income.

According to (Adawiyah, R, 2018), organisational development can be carried out in several strategies: survey feedback, education and training activities, team building, and management focused on goals. This strategy's success can be supported by the aspect of social capital, namely creating business opportunities and community participation in the management of BUMDes. The obstacle that BUMDes is currently facing is capital due to the large number of business units being managed, so that it requires a lot of funds (Linda, H. W, 2018). According to (Zandri, L. P et al., 2018), there are several strategies implemented, namely socialisation to the community to increase awareness, collaborate with outsiders for marketing, and continue improving and optimising business profits BUMDes conduct various pieces of training to improve human resource performance.

According to (Purnamawati, I. G. A, n.d.), the application of environmental accounting in operational activities at BUMDes is directly oriented towards interests, namely profit, people (community) and planet (environmental resilience). A lack of human resources causes the minimal development of BUMDes, inefficient use of technology, lack of community approach, lack of public trust in the Government (Sirait, K. S., 2020). (Putra, A. Y, 2018) argues that there is a need for environmental observation, strategy formulation, strategy implementation, evaluation and control. According to the results of (Laundry, D., 2019) research, there is a positive relationship between the competence of BUMDes managers and the implementation of BUMDes management, BUMDes management implementation and BUMDes performance.

#### **V. CONCLUSION**

That the BUMDes management strategy with a cadre-based is management intervention model that answers BUMDes management's problems is called "new theory". It used to develop BUMDes in other districts throughout Indonesia. Therefore, it is necessary to intervene in the management of BUMDes based on regeneration related to the BUMDes institutional managerial to accelerate the development and performance of BUMDes managers to create an independent village.

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