

## BUMdes Management and Finance Training in Marafenfen, South Aru District

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### Abstract

**Purpose:** The main objective of this study is to improve the management of Village-Owned Enterprises (BUMDes) in Marafenfen Village, Indonesia. Despite the village's beautiful natural potential, it is noted that tourism management has not been optimal. The lack of facilities, access, and management of BUMDes are obstacles in exploring the tourism potential.

**Method:** To overcome these management problems, the team will provide training on understanding and managing management and finance. This training will focus on the management of BUMDes in border small islands, with materials covering organizational management, marketing, finance, sharia, and entrepreneurial skills. Training participants will involve village officials, BUMDes managers, and the community.

**Practical Applications:** The practical application of this study is the implementation of the training program. The training is expected to improve the ability of BUMDes managers in identifying and developing business opportunities, especially in the tourism sector. This could potentially lead to an increase in the welfare of rural communities through improving the economy, creativity of low-income members, and the development of informal sector micro-enterprises.

**Conclusion:** After the training, an evaluation will be conducted to get feedback from participants regarding the implementation of the training. The feedback will be used to make necessary improvements and adjustments for future training and development programs. The ultimate goal is to optimize the tourism potential of Marafenfen Village through effective BUMDes management.



## Introduction

Village-Owned Enterprises, hereinafter referred to as BUMDes, have an important role in village development in Indonesia. Law Number 32 of 2004 concerning Regional Government in Article 213 paragraph (1) states that "Villages can establish village-owned enterprises in accordance with the needs and potential of the village". The substance of this law confirms the promise of fulfilling demand in the context of village-level development. The logic of establishing BUMDes is based on the needs and potential of the village, as an effort to improve community welfare. With regard to planning and establishment, BUMDes are built on community initiatives, and are based on the principles of cooperative, participatory, ('user-owned, user-benefited, and user-controlled'), transparency, emancipative, accountable, and sustainable with member-based and self-help mechanisms. Of all that, the most important thing is that the management of BUMDes must be carried out professionally and independently. The establishment of BUMDes is intended to accommodate all activities to increase community income, both those that develop according to local customs/culture, as well as economic activities that are handed over to be managed by the community through Government and Local Government programs/projects. As a village business, the establishment of BUMDes aims to: 1) encourage the development of economic activities of rural communities; 2) increase creativity and opportunities for productive economic enterprises (entrepreneurship) of low-income members of rural communities; and 3) encourage the development of informal sector micro-enterprises for employment for people in villages who are free from the influence of loan sharks. Community economic empowerment through BUMDes has the following objectives: 1) the service of the community in the village in developing productive businesses; and 2) the availability of various business media in supporting the economy of rural communities in accordance with the potential of the village and the needs of the community.

To achieve the goals and objectives of BUMDes, it is very necessary to implement professional management. If BUMDes are managed properly, the progress that occurs will be able to absorb labor and advance the economic level in rural areas. According to Permendagri No.39 of 2010 which regulates Village-Owned Enterprises, BUMDes are village businesses formed/established by village governments whose capital ownership and management are carried out by village governments and communities. The purpose of establishing BUMDes is to: 1) prevent village community members from the influence of providing high-interest money loans that harm the community; 2) increase the role of rural communities in managing other legitimate sources of income; 3) maintain and improve the customs of community mutual assistance, like to save in an orderly, orderly, and sustainable manner; 4) encourage the growth and development of economic activities of rural communities; 5) encourage the development of informal sector businesses to be able to absorb community workers in villages; 6) Increase the entrepreneurial creativity of low-income village community members. The establishment of BUMDes has principles: empowerment, diversity, professionalism, efficiency, transparency, accountability, participation, and democracy. To form BUMDes, it is necessary to participate in government capital obtained through APBDes, community savings, government assistance, provincial and district governments, loans, and/or capital participation of other parties or profit-sharing cooperation on a mutually beneficial basis. The composition of the Management Organization as referred to in Article 11 consists of Commissioners (Advisors and Directors (Operational Executives) and the Head of the Business Unit.

Management is defined by Fathoni (2006) as coaching, management control, leadership, management which is a process of excitement to achieve predetermined goals. This definition means that a manager is in charge of organizing and directing others to achieve organizational goals. Griffin (in Handoko, 2000) defines management as a process of planning, organizing, coordinating, and controlling resources to achieve goals effectively and efficiently. Effective means that goals can be achieved according to planning, while efficient means that the task at hand is executed correctly, organized, and according to schedule.

Furthermore, Management has management facilities, including: (1) Man refers to human resources owned by the organization; (2) Money or money is a medium of exchange and a measuring device of value; (3) The material consists of raw materials and finished materials; (4) Machine or Machine is used to provide convenience or generate greater profits and create work efficiency; (5) Method is a work procedure that facilitates the course of the manager's work; (6) Market or market is a place where organizations disseminate (market) their products. Good management of BUMDes is management that uses a good management system by paying attention to the six management elements above. To regulate the BUMDes Management Elements, procedures for managing them are needed called management. Thus, there are four areas of management. To manage people in business entities, Human Resource Management is needed (Alqudah et al., 2022). To regulate financial elements, Financial Management is needed. To regulate materials and methods required Production Management. To regulate market elements, Marketing Management is needed. BUMDes Management from the point of study is Human Resource Management, Financial Management, Production Management and Marketing Management. There is a lot of beautiful natural potential in Marafenfen village that can be developed as a source of village income. Seen on youtube, several TV broadcasts and travelers who have visited the village. It's just that the tourism has not been well organized, for example access to villages and tourist attractions, the existence of these tourist attractions has also not been exploited properly, the lack of supporting facilities and this requires the management of BumDes management not only in the tourism sector but in other sectors, which of course in the future can increase income for the village and the welfare of the village community. However, BUMDes managers have not been able to develop business units based on the village's potential.

Based on the results of an interview with the Head of Maraffen Village, it is known that BUMDes managers do not have adequate BUMDes management skills, so the ability to see opportunities for business development has not been maximized. In addition, it is also realized that the ability of BUMDes managers to identify business opportunities for the development of BUMDes business units is still very low. Similarly, the ability of BUMDes managers to start a business is still low. In general, it can be said that the management skills of BUMDes managers are still inadequate. Article 26 of the Regulation of the Minister of Villages, Development of Disadvantaged Regions and Transmigration of the Republic of Indonesia Number 4 of 2015 states that the results of BUMDes' business can be distributed in accordance with the provisions agreed in the BUMDes' Articles of Association/Bylaws. With this division, of course, BUMDes managers are required to compile an adequate accounting system. An adequate accounting system in preparing financial statements includes the preparation of account codes, account names, general journal books, cash books, bank books, accounts receivable books, goods books, and balance sheets. In the process of preparing these financial statements, BUMDes also needs to determine the accounting policies adopted. The accounting policy to be selected is available in the Financial Accounting Standards for Micro, Small and Medium Entities (SAK-EMKM) published by the Indonesian Institute of Accountants (2016). Human resource (HR) skill factors, regulations that quickly change or increase, and the relatively new age of BUMDes, are predicted as triggers for the lack of proper financial statements. The description above confirms that there are several problems in BUMDes management, namely: the management and financial skills of BUMDes managers are still relatively low, the ability of BUMDes managers to identify business opportunities for the development of BUMDes business units is also still very low, and the skills of BUMDes managers to start a business are still low. Thus, management and financial training is needed to improve the management skills of BUMDes managers in BUMDes governance, in identifying business opportunities for the development of BUMDes business units, and in starting a business. In line with the implementation of Law number 6 of 2014 concerning Villages, villages have the authority to carry out village government affairs and carry out village development, development and empowerment of rural communities towards

a prosperous society. This law stipulates that the village acts as a subject of village development. The welfare of the villagers is determined by the community. Establishment of Village-Owned Enterprises (BUMDes) as a forum to improve the welfare of rural communities. Based on the above problems, this community service activity aims to improve the knowledge and technical skills of BUMDes managers in managing and compiling financial statements in accordance with SAK-EMKM (Indonesian Institute of Accountants, 2016) for Bumdes managers in Marafenfen Village, South Aru District.

### Method

To overcome the problems of BumDes management and financial management, the team will provide knowledge about training on understanding and managing the right management and finance of BUMDes in accordance with the scientific field of public sector accounting. (1) The training material provided is to overcome the problems faced by BUMDes managers in small border islands, especially in terms of organizational management systems, marketing management, financial management, sharia management, and entrepreneurial skills. The materials provided during the training were: 1) Management of BUMDes on small border islands; 2) Strengthening BUMDes Management through Entrepreneurship on small border islands; 3) Financial Management of BUMDes of small border islands; 4) Marketing Management in the Management of BUMDes on small border islands; and 5) Savings and Loans Business Management; (2) The material presented includes basic concepts of accounting systems, general journals, general ledgers and auxiliary books, basic accounting equations and the preparation of financial statements based on Small and Medium Entity Accounting Standards (SAK EMKM). Participants consisted of 40 participants consisting of village officials, BUMDes managers and the community. After the training is completed, evaluation of the implementation of the training is carried out by distributing evaluation sheets to get feedback from participants regarding the implementation of the training.

### Result

To address the challenges in BumDes management and financial practices, the team has devised a comprehensive training program aimed at enhancing the knowledge and skills of BUMDes managers. This initiative is particularly tailored for managers in small border islands, where unique challenges in organizational, financial, and marketing management, as well as sharia-compliant practices, may be prevalent. The training encompasses key areas such as organizational management systems, entrepreneurship, financial management, marketing strategies, and the effective management of savings and loans businesses.

*Figure 1. Before Training*



The training materials have been meticulously designed to target specific issues faced by BUMDes managers in small border islands. The content includes modules on the management of BUMDes in the unique context of small border islands, emphasizing the importance of adapting organizational strategies to the specific challenges of these environments. Furthermore, the modules on entrepreneurship aim to empower BUMDes managers with the skills needed to stimulate economic activities and foster creativity among community members. Financial management materials are tailored to address the nuances of BUMDes in small border islands, ensuring that participants grasp essential concepts such as accounting systems, general journals, general ledgers, and financial statement preparation in line with Small and Medium Entity Accounting Standards (SAK EMKM).

*Figure 2. After Training*



Source: Private Documentation, 2023

The target audience for this training comprises 40 participants, including village officials, BUMDes managers, and community members. This diverse group ensures a broad impact, reaching those directly involved in BUMDes governance as well as community members who may benefit from the enhanced economic activities spurred by improved BUMDes management. Following the completion of the training, a crucial step involves evaluating its effectiveness. This evaluation process involves distributing feedback sheets to participants, allowing them to share their perspectives on the training's implementation, relevance, and impact. This feedback mechanism serves as a valuable tool for refining future training programs and ensuring continuous improvement in BUMDes management practices in small border islands. Overall, this comprehensive training initiative reflects a proactive approach to overcoming challenges and fostering sustainable economic development in the targeted communities.

## **Discussion**

The comprehensive training program devised for BUMDes managers in small border islands has shown a proactive approach towards addressing the unique challenges faced in these regions (Kementrian Desa, Pembangunan Daerah Tertinggal dan Transmigrasi, 2015; Utami et al., 2023). The training program's focus on key areas such as organizational management systems, entrepreneurship, financial management (Indonesia, 2016), marketing strategies, and the effective management of savings and loans businesses (Warsono & Natalia, 2011) is a testament to its comprehensive nature. The meticulous design of the training materials to target specific issues faced by BUMDes managers in small border islands is a significant aspect of this initiative (Anom, 2015). The inclusion of modules on the management of BUMDes in the unique context of small border islands underscores the

importance of adapting organizational strategies to the specific challenges of these environments. This could potentially lead to more effective and efficient management practices in these regions. The emphasis on entrepreneurship in the training modules is particularly noteworthy. By empowering BUMDes managers with the skills needed to stimulate economic activities and foster creativity among community members (Kania et al., 2021; Purnomo et al., 2023), the training program could potentially catalyze sustainable economic development in the targeted communities (Aydemir, 2024).

*Figure 3. During Training*



Source: Private Documentation, 2023

The financial management materials tailored to address the nuances of BUMDes in small border islands are crucial in ensuring that participants grasp essential concepts such as accounting systems, general journals, general ledgers, and financial statement preparation in line with Small and Medium Entity Accounting Standards (SAK EMKM) (Indonesia, 2016; Warsono & Natalia, 2011). This could lead to improved financial practices and transparency in BUMDes management. The diverse target audience for this training, including village officials, BUMDes managers, and community members, ensures a broad impact. This could lead to improved BUMDes governance, and enhanced economic activities spurred by improved BUMDes management. The evaluation process following the completion of the training is a crucial step in ensuring its effectiveness. The feedback mechanism serves as a valuable tool for refining future training programs and ensuring continuous improvement in BUMDes management practices in small border islands. This could lead to the development of more effective training programs in the future. Overall, this comprehensive training initiative reflects a proactive approach to overcoming challenges and fostering sustainable economic development in the targeted communities. The potential impact of this initiative could be far-reaching, leading to improved BUMDes management practices and enhanced economic activities in small border islands (Herdiyanti et al., 2023; Lahamendu et al., 2023). However, further research is needed to assess the long-term impact of this training program on BUMDes management practices and economic development in these regions.

To address the challenges in BumDes management and financial practices, the team has devised a comprehensive training program aimed at enhancing the knowledge and skills of BUMDes managers. This initiative is particularly tailored for managers in small border islands, where unique challenges in organizational, financial, and marketing management, as well as sharia-compliant practices, may be prevalent (Hassan et al., 2024; Hrnjic & Clarke, 2022). The training encompasses key areas such as organizational management systems, entrepreneurship, financial management, marketing strategies, and the effective management of savings and loans businesses. The training materials have been meticulously designed to target specific issues faced by BUMDes managers in small border islands (Argo & Rachmawati, 2021; Yanti et al., 2023). The content includes modules on the management of BUMDes in the unique context of small border islands, emphasizing the importance of adapting organizational strategies to the specific challenges of these environments.

Furthermore, the modules on entrepreneurship aim to empower BUMDes managers with the skills needed to stimulate economic activities and foster creativity among community members. Financial management materials are tailored to address the nuances of BUMDes in small border islands, ensuring that participants grasp essential concepts such as accounting systems, general journals, general ledgers, and financial statement preparation in line with Small and Medium Entity Accounting Standards (SAK EMKM). The target audience for this training comprises 40 participants, including village officials, BUMDes managers, and community members. This diverse group ensures a broad impact, reaching those directly involved in BUMDes governance as well as community members who may benefit from the enhanced economic activities spurred by improved BUMDes management. Following the completion of the training, a crucial step involves evaluating its effectiveness. This evaluation process involves distributing feedback sheets to participants, allowing them to share their perspectives on the training's implementation, relevance, and impact. This feedback mechanism serves as a valuable tool for refining future training programs and ensuring continuous improvement in BUMDes management practices in small border islands. Overall, this comprehensive training initiative reflects a proactive approach to overcoming challenges and fostering sustainable economic development in the targeted communities.

## Conclusion

In conclusion, BUMDes plays a crucial role in the development of Indonesian villages, as recognized by the law that empowers villages to establish village-owned enterprises based on their needs and potential. The establishment of BUMDes aims to improve community welfare through economic activities, creativity enhancement, and the development of micro-enterprises in the informal sector. However, challenges arise, including the underdeveloped tourism potential in Marafenfen village, indicating the need for effective BUMDes management across various sectors. The importance of professional management in BUMDes cannot be overstated, as it is the key to absorbing labor and advancing economic levels in rural areas. The description of BUMDes management elements, procedures, and principles highlights the need for human resource, finance, production, and marketing management to ensure the holistic development of these village enterprises. Moreover, the identified issues in BUMDes management in Marafenfen village, such as low managerial and financial skills, insufficient identification of business opportunities, and inadequate entrepreneurial skills, underscore the necessity for management and financial training. The proposed training program aims to address these issues by providing comprehensive knowledge on organizational and financial management, marketing, sharia management, and entrepreneurial skills. It is anticipated that such training will contribute to the overall improvement of BUMDes management and financial practices, ultimately fostering economic development and community well-being in Marafenfen and similar villages.

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