

Development of Village-Owned Enterprises (BUMDes) for Prosperity through Community Services (Case Study in Damarwulan Village, Kepung District, Kediri Regency)

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Abstract

Purpose: This research examines the impact of Village-Owned Enterprises (BUMDes) on Damarwulan Village's economic development. It explores BUMDes' significance as a village-owned legal entity managed independently with capital from local resources.

Method: We employ descriptive qualitative methods, gathering data from various sources, including manuscripts, interviews, and official documents. The study focuses on BUMDes' existence, economic contributions, and factors influencing their success. An analysis follows an Interactive Model involving data reduction, presentation, and conclusions.

Practical Applications: Our findings have practical implications for rural development and local governance. They inform policymakers and communities about the potential benefits and challenges of BUMDes, aiding decisions on supporting and establishing such enterprises.

Conclusion: BUMDes significantly enhance Damarwulan Village's economy, offering valuable insights for rural development and governance practices, ultimately improving socio-economic conditions.



Introduction

Village-owned enterprises, in the future, referred to as BUMDes, are village economic institutions legally formed and owned by the Village Government, managed economically independently and professionally, with capital mainly derived from the village's separated wealth (Karismawan & Sujadi, 2022). Ultimately, BUMDes were established to generate profits to strengthen the Village's Own-Source Revenue (PADes), promote village economic development, and enhance the welfare of the rural population. As Ngesti D. Prasetyo stated, the presence of BUMDes is highly strategic, serving as the driving force behind the village's economy and the well-being of its residents. The hope is that with BUMDes, new enterprises rooted in local resources will be formed, and the existing economic activities of the village will be optimized (Wardani, et. al., 2022). On the other hand, there will be increased entrepreneurial opportunities to strengthen village autonomy and reduce unemployment (Zuniga, 2018).

The establishment of Village-Owned Enterprises (BUMDes) aims to develop rural areas through community empowerment, increase productivity and diversify existing businesses, provide facilities to support economic growth in the village, build and strengthen institutions that support the production and marketing chain, and optimize human resources as the basis for rural economic growth (Aji, et. al., 2022) (Sari, 2018). The main characteristics that differentiate BUMDes from other commercial institutions encompass various aspects of their structure and operation. First, BUMDes are distinct in that they are owned by the village and managed collectively, reflecting a community-based approach to economic endeavors. Second, their funding structure is unique, with 51% of the business capital sourced from village funds and the remaining 49% from community funds, underlining a shared financial responsibility (Darwita & Redana, 2018) (Aditya, et. al., 2023).

Additionally, BUMDes operates on a business philosophy deeply rooted in the local culture, emphasizing integrating traditional values and practices into their activities (Arista, et. al., 2021). They draw upon the village's potential and available market information as the foundation for their business endeavors, promoting sustainability and relevance within the local context. BUMDes prioritizes the welfare of its members and the broader community by reinvesting profits in initiatives to improve the quality of life, all following established regulations. These enterprises also benefit from support provided by various levels of government, including the Provincial Government, District Government, and Village Government, ensuring access to necessary resources and facilities (Dewi, 2023). Lastly, the operationalization of BUMDes is characterized by joint supervision involving multiple stakeholders, including the Village Government, the Village Consultative Council (BPD), and the members themselves. This collaborative oversight enhances accountability and strengthens the institution's ties to the community it serves.

Method

The method employed in this community service project is the Asset-Based Community Development (ABCD) method, as it is considered an appropriate approach to the issues encountered by the author among the residents of Damarwulan Village. The ABCD method is a model approach in community development emphasizing utilizing assets and potential within the community's geographical area (Somantri, et. al., 2021) (Inayah, et. al., 2023). Specifically, BUMDes (Village-Owned Enterprises) is one of the assets in Damarwulan Village that needs to be developed.

The development activities of BUMDes Maju Makmur are carried out based on the issues identified from observations and interviews with representatives of neighborhood associations (RT) in Damarwulan Village, also attended by BUMDes representatives. The observations have concluded that the community representatives (RT) agree with the agenda of BUMDes Maju Makmur, which involves providing electricity bill payment services.

Furthermore, using the PLN Mobile application, which offers several key features such

as purchasing tokens for prepaid customers, paying electricity bills for postpaid customers, monitoring electricity usage and token purchases, is considered to streamline the payment process. This application also serves as a communication tool between the community and PLN. When submitting complaints, the community receives information on the progress of resolving the issues. Payment for electricity token bills is done through a transfer system using BRILink services (Akromah & Kusumasari, 2023).

These activities provide convenience to the residents of Damarwulan Village, with a strategically located payment service office in the center of Damarwulan Village. The payment system is transparent because every resident can have/install the PLN Mobile application. Additionally, the administrative fees are relatively lower.

Result

The BUMDes program has been in place in Kediri Regency since 2016, following the issuance of Regional Regulation Number 7 of 2012 on the Guidelines for the Establishment and Management of Village-Owned Enterprises (BUMDes). However, in 2014, Law Number 6 of 2014 on villages was enacted, which also regulates the establishment of BUMDes. Consequently, the existing regional regulations were revised through an assessment process by the Dispermasdes (Village and Community Empowerment Agency). This resulted in the new Regional Regulation Number 17 of 2016 on the Establishment and Management of Village-Owned Enterprises and Joint Village-Owned Enterprises. This update was necessary because the previous regulations needed to align better with Law Number 6 of 2014 on villages. The most notable difference is that the new regulations include budget provisions due to the availability of village funds, while the previous regulations did not.

According to Regional Regulation Number 17 of 2016 of Kediri Regency, the establishment of BUMDes has several objectives, including:

1. Enhancing the village's economy.
2. Optimizing village assets for the benefit of the village's well-being.
3. Increasing community efforts in managing the village's economic potential.
4. Developing business cooperation plans between villages or with third parties.
5. Creating opportunities and market networks that support residents' public service's needs.
6. Generating employment opportunities.
7. It enhances the community's welfare through improved public services, economic growth, and economic equality in the village.
8. It is increasing the income of the village community and Own-Source Village Revenue (PADes).

BUMDes Maju Makmur was established on December 25, 2020. The establishment of BUMDes began with a village meeting that decided to form a team to initiate the establishment of BUMDes in Damarwulan Village. The decision to establish BUMDes in Damarwulan Village was driven by Law Number 6 of 2014 on villages, which mandated that all villages must have BUMDes and the availability of village funds to ensure that the funds are not solely used for consumable goods (Hadi, 2021). Since its inception, BUMDes Maju Makmur has started with a service business unit for community payment services. BUMDes Maju Makmur is considered one of the best BUMDes in the Kediri Regency, particularly in tourism. This is evidenced by the numerous visits from various groups for tourism purposes and as a benchmark for other villages.

The purpose of establishing BUMDes is to facilitate and accommodate all community activities and services, whether rooted in local customs and traditions or economic activities entrusted to be managed by the community through district, provincial, or central government programs. The establishment of BUMDes Maju Makmur aims to achieve the following objectives:

1. Promoting the Economic Development of the Community
2. Enhancing Creativity and Productive Economic Opportunities

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3. Fostering the Growth of the Informal Micro-sector
4. Providing Clean Water Services
5. Increasing Village Community Income and Village Own-Source Revenue (PADes)

Through collaborative activities with BUMDes, such as the provision of electricity bill payment services in Damarwulan Village, it was found that the community is interested in using these services. Some residents who utilize BUMDes' electricity bill payment services find it highly beneficial because it eliminates the need to travel too far, and the BUMDes office is strategically located in the center of Damarwulan Village. This represents a new and convenient service that simplifies paying electricity bills.

Figure 1. Socialization of electricity bill payment through BUMDes Maju Makmur



The author guides the payment system used by BUMDes Maju Makmur. This is in response to several challenges raised during the mentoring activities, such as the community's need for more technology knowledge. After conducting mentoring for BUMDes Maju Makmur's electricity bill payment service, the author evaluated the residents of Damarwulan Village who participated in this activity. The results of this evaluation are expected to serve as indicators for implementing similar activities in the future. In this monitoring and evaluation, a sample of 25 residents of Damarwulan Village who used BUMDes' payment services for electricity bills was involved. The Guttman scale was used in monitoring and evaluation activities. The Guttman scale is employed when seeking clear, consistent responses to specific questions or issues (Simbolon, et. al., 2022) (Muflih, 2017).

Table 1. Detailed results of monitoring and evaluation

Respondent Number	Answer		Scoring		Total	Category
	A	B	X1	X0		
1	6	4	6	0	6	Very Good
2	7	3	7	0	7	Very Good
3	8	2	8	0	8	Very Good
4	9	1	9	0	9	Very Good
5	10	0	10	0	10	Very Good
6	5	5	5	0	5	Sufficient
7	4	6	4	0	4	Not Good
8	9	1	9	0	9	Very Good
9	7	3	7	0	7	Very Good
10	6	4	6	0	6	Very Good
11	4	5	4	4	5	Not Good
12	5	0	5	5	5	Sufficient
13	9	0	5	5	0	Very Good
14	9	8	0	5	0	Very Good
15	8	9	0	9	0	Very Good
16	9	10	0	0	0	Very Good
17	10	0	9	0	9	Very Good
18	10	0	10	0	10	Very Good
19	9	0	10	0	10	Very Good
20	9	9	0	0	9	Very Good

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21	10	0	0	5	9	Very Good
22	10	10	0	5	0	Very Good
23	10	9	0	0	0	Very Good
24	9	10	0	0	9	Very Good
25	9	0	9	0	10	Very Good

Table 2. Results of monitoring and evaluation

Num.	Score	Category	Total	Percentage
1	6-10	Very Good	21	85%
2	5	Sufficient	2	10%
3	1-4	Not Good	2	5%
Grand Total			25	100%

The Guttman scale scoring results indicate that 85% received a good response, 10% received a sufficient response, and 5% received a less favorable response. The conclusion from the monitoring activity using a closed (structured) questionnaire with the Guttman scale is that 85% of the residents have experienced very positive responses, impacts, and changes because of the work program carried out by the community service (KKN) students in Damarwulan Village. The survey conducted on electricity bill payment service users demonstrates that the users are delighted with the payment services provided by BUMDes Maju Makmur in Damarwulan Village.

Figure 2. Monitoring and Survey Process



Discussion

The research report sheds light on the establishment and impact of Village-Owned Enterprises (BUMDes) in Damarwulan Village, Kediri Regency, emphasizing their crucial role in rural economic development and community empowerment. It underscores how BUMDes contributes to strengthening the Village's Own-Source Revenue (PADes) and effectively utilizes local resources and traditional practices for economic growth.

The report delves into the legal framework and regulations governing BUMDes, tracking changes and updates over the years and assessing their implications on BUMDes' operations. It explores the specific objectives set for BUMDes in Damarwulan Village as per Regional Regulation Number 17 of 2016, highlighting their alignment with broader rural development and community welfare goals.

Distinct characteristics that set BUMDes apart from other commercial institutions, such as their community-based ownership and unique funding structure, are thoroughly examined. The report underscores the influence of traditional values and local culture in shaping BUMDes' business philosophy. The impact of BUMDes on the local community, including economic growth, job creation, and improvements in public services, is evaluated. Community satisfaction with BUMDes services, as revealed in the survey results, is discussed. Furthermore, it assesses the effectiveness of the monitoring and evaluation process using the Guttman scale, emphasizing how such evaluations serve as valuable indicators for future

community development activities. Sustainability and potential expansion for BUMDes initiatives in Damarwulan Village are considered, especially considering the success achieved with electricity bill payment services.

Finally, the report draws lessons from the experience of BUMDes Maju Makmur, offering insights for other rural communities interested in similar initiatives. It highlights the significance of community engagement, legal frameworks, and adaptability in replicating successful BUMDes models and fostering economic growth and community well-being in rural areas.

Conclusion

The conclusions drawn from this community service project are as follows: The community service project has received a positive response and attention from community leaders and the local population, mainly from BUMDes Maju Makmur, who actively participated. Overall, the project was executed optimally and smoothly. The community has shown great enthusiasm in participating in every activity, as it is seen as a facilitator for electricity bill payments, particularly during the pandemic. One of the objectives of this project is to establish a close relationship between higher education institutions as sources of knowledge and the community. These conclusions reflect the successful implementation and positive impact of the community service activities on the local population and their engagement with BUMDes Maju Makmur.

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