

## THE EFFECTIVENESS OF VILLAGE-OWNED ENTERPRISE MANAGEMENT IN PALOLO SUB-DISTRICT, SIGI DISTRICT

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### ABSTRACT

This study analyzes the effectiveness of managing Bumdes in the Palolo Sub-district. This research was designed using a qualitative approach. Research data collection includes observation, in-depth interviews, and documentation. The data of this research is sourced from primary data and secondary data. Primary data was obtained from informants through interviews, while secondary data was obtained from written documents that had been processed. This research data analysis technique consists of data presentation, data reduction, and conclusion drawing. The results showed that the management of Kapiroe Village-Owned Enterprises was ineffective from all aspects of the indicators used, namely both from production, efficiency, and satisfaction and from the aspects of adaptation and development.

**Keywords:** Village, Village Fund, Effectiveness, BUMDes.

### 1. INTRODUCTION

Village autonomy has received considerable attention from the Government since the enactment of Law No. 32 of 2004 concerning Regional Government, which, after several changes, was revoked and replaced by Law No. 23 of 2014 concerning Regional Government. In point 10 of the general explanation, it is stated that this Law recognizes the autonomy possessed by villages or other designations. The Village Head, through the Village Government, can be given assignments or delegations from the Government or regional governments to carry out certain Government affairs. (Law No. 23, 2014).

The existence of village autonomy is further regulated by Government Regulation (Government Regulation No. 72, 2005). However, considering that this regulation is lower than the Law, the recognition of the existence of village autonomy is considered weak. Therefore, to provide strong legal legality for recognizing the existence of village autonomy, Law No. 6/2014 on Villages was enacted and promulgated, so this Law has become the legal umbrella for village autonomy to date (Law No. 6, 2014).

An essential element of village autonomy is the existence of village authority, which is the right of the village to regulate its household affairs fully. The Village Government exercises this authority as the organizing element of the village government. The authority in the field of organizing village development, fostering village communities, and empowering village communities based on community initiatives, rights of origin, and village customs.

The village not only has the right to regulate its household affairs fully, but the village also should realize the objectives of village regulation, including improving public services for villagers to accelerate the realization of the general welfare, advancing the economy of the village

community, and overcoming national development gaps and strengthening village communities as subjects of development. To realize these objectives, the village needs to make various efforts so that the potential and resources can be streamlined to support the realization of village development. The orientation of village development is sought to improve the quality of life and livelihood for the greatest welfare of the village community.

Economic development in rural areas has long been carried out by the government through various programs. The government is expected to create various kinds of businesses that encourage healthy economic development, improve the welfare of members and the surrounding community, and participate in building the village economic system. One of the efforts expected to support the increase of village revenue in particular and village development in general is the establishment of Village-Owned Enterprises (BUMDes). BUMDes is an economic institution in the village that can be pursued to improve community welfare. BUMDes is an essential part of community economic empowerment efforts in the village.

The establishment of BUMDes is a new breakthrough, at least BUMDes is a business entity that allows the Village Government and the community to jointly engage in business ownership that can encourage the process of economic equality in the village, which has often been neglected. The togetherness of the Village Government and community members as owners of the business managed by BUMDes occurs through the combination of BUMDes capital, some of which is sourced from separated village assets and some of which can be sourced from voluntary capital participation of community members.

The spirit of kinship and cooperation is manifested by placing the Village Deliberation as the highest organ in BUMDes decision-making. It is emphasized that the decisions of the Village Deliberation are taken based on deliberation for consensus. The BUMDes legal principle is in line with the mandate of the Village Law, which places the Village Deliberation as a forum between the Village Consultative Body, Village Government, and elements of the community to deliberate and agree on strategic matters in the implementation of Village Government. BUMDes is a business entity with the status of a legal entity, so from a legal perspective, BUMDes is a legal subject or supporter of rights and obligations. BUMDes, in its status as a legal subject, is allowed to perform legal acts as well as acts that can be achieved by individuals. However, because BUMDes is a soulless legal subject, in carrying out its activities, it must be represented by its organs consisting of Village Deliberation, Advisors, Operational Executives, and Supervisors. These organs act as the managers of the BUMDes.

The authority, duties, and functions of each BUMDes organ are interrelated with the rules, duties, and functions of other organs so that several BUMDes organs are required to cooperate with each other in an effort to achieve BUMDes objectives. The success of a BUMDes is indicated by its ability to achieve its stated objectives. If the BUMDes can realize all elements of its goals, it means that the BUMDes management is quite effective. In the management of BUMDes, various business activities can be carried out. BUMDes can play a role from many sources, from upstream. For example, BUMDes can help channel various government subsidies, ranging from fertilizers, seeds, and so on, while in the downstream sector, BUMDes can be a collector of agricultural products the community produces. BUMDes can certainly affect the welfare of the community in the village, such as several BUMDes in Indonesia in regional areas. BUMDes is tasked with providing various needs for PLTU, goods supplied such as bolder stones. The profit of this BUMDes reaches 7 billion per year. This BUMDes runs with a good system and structure, from

the leader to the working units. This BUMDes has more value to community satisfaction, where BUMDes can become a bridge for farmers.

BUMDes in several regions have been successful, such as BUMDes Cibodas Bandung, a BUMDes engaged in the distribution of clean water has a huge impact on the community. Water needed by the community is no longer difficult to obtain thanks to the presence of BUMDes. The success of this BUMDes is measured not only by the turnover received but also by the value of the benefits of establishing the BUMDes. Until now, BUMDes Cibodas has had more than 3,200 consumers who have experienced its services. Meanwhile, several BUMDes are highly developed in Central Sulawesi, such as the BUMDes providing clean water in Parigi Moutung. In the Sigi regency itself, there is BUMDes mantiangaluku Mandiri Kalukubula Sigi Village. Established in 2015, this BUMDes is developing with a trading business and distribution of subsidized assistance from the government. This BUMDes collaborates with Bulog and Pertamina regarding the distribution of Raskin, sugar, shallots, and LPG gas. Of course, this has a good impact on the community. The results of Nurhasan & Munawar's research (2020) showed that the BUMDes management process is carried out through community business units, such as market management, management of household productive business units, and other service units.

As some BUMDes have successfully managed and developed their businesses, other villages have also been motivated to establish BUMDes. According to data obtained from the PMD section of the Palolo sub-district office, 22 BUMDes from 22 villages have been established in the Palolo sub-district. This means that every village has established a BUMDes. The phenomenon of BUMDes formation in every village has occurred since the roll-out of village funds, but most BUMDes formed are only on paper. Not only is the issue of BUMDes formation only on a piece of the BUMDes Establishment Decree signed by the Village Head, but the BUMDes management structure seems to exist. This can be seen from the division of labor that still overlaps, insufficient knowledge of members assigned to one work unit in the BUMDes, lack of supervision, community ignorance about BUMDes, and the unclear direction and purpose of BUMDes formation.

Initial observations conducted by researchers found problems related to the establishment and management of BUMDes. Examples are BUMDes Mekar sari in Kapiro Village and BUMDes Mimaka in Ranteleda Village. These two BUMDes were not established through the establishment of Village Regulations, so they do not have Articles of Association and Bylaws. As a result, the mechanism for implementing BUMDes management is unclear, as no Articles of Association and Bylaws should serve as guidelines for the BUMDes apparatus or organs in carrying out the authority of their duties and functions. As the highest organ in BUMDes management, the Village Consultative Meeting is not functioning. Appointments of BUMDes Operational Executives are not made through the Village Deliberation but by direct appointment by the Village Head. The two BUMDes do not even have a supervisory organ, so the management of the BUMDes tends to be unsupervised. The negative effect is that the management of BUMDes is haphazard, where in addition to the managers working without the basis of careful planning, the implementation of BUMDes management is not accounted for. As an illustration, the initial capital of BUMDes Kapiro, sourced from separated village assets, disappeared without being accounted for by the Operational Manager until the Operational Manager was replaced with a new Operational Manager.

The facts revealed above illustrate how un-ideal the management of BUMDes in Kecamatan Palolo is. Such BUMDes management conditions are undoubtedly difficult to expect

to be able to realize the objectives of establishing BUMDes. One of the objectives of establishing a BUMDes is to obtain profit or net income to increase the village's original income and develop the maximum benefit of economic resources. These BUMDes objectives will only be achieved if BUMDes management takes place effectively. The effectiveness of BUMDes management in this study is analyzed using the theory developed by Gibson et al., (1996) ), which consists of Production, Efficiency, Satisfaction, Adaptation, and Development aspects. Based on the description presented, this study aims to analyze the effectiveness of BUMDes management in the Palolo Sub-district.

## 2. METHOD

This research is designed using a qualitative approach. Qualitative research produces analytical procedures that do not use statistical analysis procedures or other quantification methods (Moleong, 2011). Qualitative research aims to find the meaning of the phenomenon under study. Qualitative research results are more in-depth and provide meaning, so with these considerations, this research is designed qualitatively. Data collection techniques in this study consisted of observation, in-depth interviews, and documentation. This research is sourced from primary data and secondary data. Primary data is obtained from research informants, while secondary data is obtained from data and information that has been processed and for which the truth can be accounted. The main informants in this research are the BUMDes Director as the operational executor of the two-person organization. The Budget user, namely the village head who also occupies the position of BUMDes advisor of two people in the village designated as the research locus, the Chairman of the Village Consultative Body (BPD) as a deliberative element of two people, and Community Leaders of two people. Furthermore, the data analysis technique in this research consists of data presentation, data reduction, and conclusion drawing (Miles et al., 2014).

## 3. RESULTS AND DISCUSSION

Each organizational device of BUMDes has a role as stipulated in the Government Regulation. The role is in the form of authority or tasks carried out by each organ that is expected to be carried out optimally for the effectiveness of BUMDes management (Government Regulation No. 11, 2021). If the roles or tasks carried out by each organ are carried out optimally, then the management of the BUMDes can be said to be effective.

### Production Aspect

This research shows that the role of the BUMDes Supervisor is ineffective when viewed from the production aspect. The tasks of BUMDes supervision are not carried out at all, where the causal factors include the absence of a certain person appointed as an independent BUMDes supervisor. On the other hand, the Village Consultative Body (BPD) feels it has no authority to supervise since the enactment of Government Regulation No. 11 of 2021. The exposure of the results of the analysis of the performance of the management implementation of each organ in BUMDes Kapiroe shows that none of the organs have the role of carrying out their duties optimally. Even the organs of the Village Deliberation and the BUMDes supervisor, none of the tasks mandated by the Laws and Regulations are carried out. BUMDes Kapiroe organs that perform a small part of their duties are the advisory organ and the Operational Executive. The advisory organ has provided advice, considerations, or suggestions to the Operational Executor but is informal in nature, while other tasks are not carried out at all. Meanwhile, in the Operational Executor organ, the tasks carried out

are limited to managing the BUMDes business, which merely continues the management pattern carried out by the previous Operational Executor. In comparison, other tasks are not carried out at all by the Operational Executive.

### **Efficiency Aspect**

The role of the Operational Executive in the management of BUMDes Kapiroe is ineffective when viewed from the aspect of efficiency. In principle, every business entity managing its business always strives to achieve profits. However, specifically for BUMDes Kapiroe, it turns out that not only did profits fail to be obtained, but even the initial capital of the business entity was lost without any accountability from the Operational Executive. Even though improvements have been made to the management of the business entity by replacing it, until now, the new Operational Executive has also not been able to show significant results.

### **Satisfaction Aspect**

The role of the Operational Executive of BUMDes Kapiroe is ineffective from the aspect of satisfaction because the person or institution appointed to carry out this role has never carried out any activities. The ineffectiveness of the role of the Operational Executive is marked by the exhaustion of the BUMDes' initial capital without precise knowledge of its utilization. In addition, there are no results from the management of the tunnel tent, which is a village asset that was handed over to the BUMDes. The existence of BUMDes has not contributed to the increase in the Village's original revenue and the increase in the value of Village assets. BUMDes Kapiroe has not been equipped with a supervisory organ, as referred to in Government Regulation No. 11 of 2021. Therefore, until now, the BUMDes has not had a specific person authorized to perform supervisory duties, while on the other hand, the Village Consultative Body (BPD) institution that was previously authorized to perform supervisory duties has the perception that since the enactment of Government Regulation No. 11 of 2021, the supervisory authority of the Village Consultative Body (BPD) over BUMDes management has ended.

### **Adaptation Aspect**

The results show that the advisory role is only partially implemented, limited to providing advice or consideration to the BUMDes Operational Executive. While other more urgent roles, such as forming Village Regulations on establishing BUMDes, have not yet been implemented. As a result, BUMDes Kapiroe does not yet have a management guideline regarding the management of the BUMDes. The advisor of BUMDes Kapiroe is unable to adapt his role to the demands of his environment, both the needs of the organizational environment and the community environment. Given that BUMDes Kapiroe does not have a Supervisory organ, and the Kapiroe Village Consultative Body (BPD) does not feel authorized to conduct supervision, the role of supervisors in the management of BUMDes Kapiroe is no longer relevant to discuss because in the absence of a supervisory organ, the role of supervision will undoubtedly not function.

### **Development Aspects**

The results of this study show that the tasks that should be played by the advisor have been neglected. This shows that the Kapiroe Village Head, as the Advisor of BUMDes Kapiroe, is less active in carrying out his role, so it does not show significant development. The Operational Executor of BUMDes Kapiroe does not have the skills that are sufficiently qualified and necessary to develop BUMDes Kapiroe. Even the previous BUMDes Operational Executive was not accountable for managing the BUMDes' initial capital. The current Operational Executive has not shown any management creativity that can be expected to affect the development efforts of the BUMDes. The BUMDes management pattern applied is monotonous without adjusting to changes.

### **4. CONCLUSIONS**

The results of this study conclude that the management of BUMDes in Kecamatan Palolo has not been effective due to the following reasons:

- a. The production aspect is ineffective because most of the tasks that should be played by the Village Deliberation, Advisor, and Operational Executive of BUMDes are not implemented as mandated by the Laws and Regulations.
- b. The efficiency aspect is ineffective, as much time is missed without being utilized by the Village Musyawarah, Advisor, and BUMDes Operational Executive to accomplish their tasks optimally. During the establishment of the BUMDes, the village deliberation was only held twice, and there were even BUMDes that never held a village deliberation. The advisor never made the Establishment Regulation or reviewed the work program plan and business management report. There are Operational Executors who turned out to be detrimental to the BUMDes, the BUMDes initial capital was wiped out, and some assets were destroyed.
- c. The satisfaction aspect is ineffective, as the unproductive and inefficient performance shown by BUMDes organs is highly unsatisfactory to various parties. Of course, it is impossible for any party to be satisfied with the non-implementation of the powers and duties of the Village Consultative Council, Advisor, and Operational Executive. Similarly, it is impossible to be satisfied with the exhaustion of the BUMDes' initial capital and the reduction of BUMDes assets.
- d. The adaptation aspect is ineffective, as the Village Deliberation, Advisor, and Operational Executor cannot adapt their roles to the demands of their environment, both the internal environment (BUMDes Organization) and the external environment (community environment).
- e. The development aspect of the BUMDes is ineffective because the Village Council, Advisors, and Operational Executives are unable to increase their capacity or potential that will significantly make the BUMDes organization develop or advance. In fact, the reality is that the BUMDes is almost bankrupt.

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