

## The Village Owned Business Agency Strategy "Wailala Wainyapu" in Improving the Community Economy

**Ferdinandus Mori\*, Bonaventura Ngarawula, Budhy Prianto**  
Masters of Public Administration, University of Merdeka Malang, Indonesia

\*Corresponding Author: E-mail: [ferdinandusmori@gmail.com](mailto:ferdinandusmori@gmail.com)

### ABSTRACT

The purpose of this study is to describe the strategy of the Village-Owned Enterprise (BUMDES) "Wailala Wainyapu" in improving the economy of the people of Wainyapu Village, District, Southwest Sumba, East Nusa Tenggara Province, as well as the factors that encourage and hinder this role. This research uses a descriptive qualitative approach. Data from observations, interviews, and documentation were analyzed through the condensation stage, presentation and drawing conclusions or verification. The results showed that the strategy of the Village-Owned Enterprise "Wailala Wainyapu" in improving the community's economy was: First, paying attention to the strength of the organizational structure first, but in reality the planning of the organizational structure was not carried out optimally due to the vacancies of the supervisory position that was planned during its formation, plus the formation of the management does not involve the community and / or the Village Consultative Body. Second, empowering the community, BUMDes opens access to savings and loans for business capital for people who have made loans for entrepreneurship. In addition, BUMDes empowers farmers by providing agricultural knowledge and technology assistance to make them more productive, which later agricultural products will be purchased, processed and sold back to the community at affordable prices. Third, BUMDes opens job opportunities for youth with low education as BUMDes workers, while youth with high and middle education serve as administrators or administrators in BUMDes. Fourth, BUMDes seeks to regulate the circulation of money in the village so that it is not spent outside the village of Wainyapu, thus helping the economic stability of the Village. The driving factor for efforts to increase the village economy includes the capacity and quality of the management, the administrators have a very supportive educational background and technical experience. In addition, high community participation really helps the smooth implementation of various BUMDes activities. The actors inhibiting efforts to improve the economy include the lack of available budget as well as the political situation in the village which is getting hotter ahead of the Village Head election. So it is suggested that the Village Government increase the budget, while the BUMDes management should not be affected by the heating up village political situation.

**Keywords:** BUMDes; Community; Economy; Role

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### 1. INTRODUCTION

Law No. 6 of 2014 concerning Villages guarantees that the village is a small independent or autonomous area within the framework of the Republic of Indonesia. That is why an institution in the village has emerged, namely Village-Owned Enterprises (BUMDes) as a People's Economic Institution, which has now been implemented in almost all villages in Indonesia, including in Wainyapu Village, Kodi Balaghar District, Southwest Sumba Regency, and East Nusa Tenggara. The BUMDes in the village is called BUMDes Wailala Wainyapu which was founded in February 2019 based on the Village Regulation of Wainyapu Village, Kodi Balaghar District, Southwest Sumba Regency Number: 03 of 2019 concerning the Formation and Management of Village-Owned Enterprises, with three main objectives, namely: to empower communities through improvements capacity and economic management, realizing a strong and independent community economic institution to provide services to community needs, creating business opportunities and reducing unemployment in Wainyapu Village. However, several phenomena that occurred in the implementation of BUMDes Wainyapu Wailala were found, as follows: (1) the number of poor people in Wainyapu Village is still high, namely 17% of the total population. (2) More than 50% or 2,328 villagers work as farmers but they are not supported by the access and availability of basic needs of farmers such as capital, seeds, fertilizers and technology. (3) BUMDes has been established but has a very minimal

budget. (4) The appointment of BUMDes management members is not in accordance with regulations. (5) BUMDes has not had an impact on reducing the number of unemployed. The number of unemployed people in Wainyapu Village which the author got from the village government shows that in the last 3 years the number of unemployed has actually increased, which in 2018 there were 271 unemployed people, in 2019 there were 404 people and data for 2020 showed that there were 671 unemployed people. This means that BUMDes does not have a positive impact on reducing the number of unemployed people in Wainyapu village.

## 2. LITERATURE REVIEW

### Public Administration

Sahnaya (2012), gave his opinion regarding the definition of public administration, that: "A series of actions that are rational and are continued as actions that are carefully considered to realize certain goals are the essence of public administration, either as a study or discipline, or as a process or activity intended to realize these goals to the fullest. The two are often combined and difficult to separate because, in essence, study is also a form of action." Another definition related to public administration is also conveyed by Sadhana (2012), that "public administration is a social science discussion that studies three important elements of state life which include the legislative, judiciary and executive institutions as well as matters relating to the public which include public policy, state objectives, and ethics that govern state administrators.

### Public policy

There are many definitions of public policy according to experts, including, according to Peter in Wahab (2011), "public policy is a particular area or area of government actions as the subject of a comparative and critical study, which includes, among other things, the various actions and principles that exist and carefully analyze possible cause and effect relationships in a context certain thinking disciplines such as economics, science and politics." The definition of public policy according to Sadhana, who argues that "public policy is a product of the interaction between policy actors who directly or indirectly influence or are influenced by public policies. The interaction among the many policy actors is in understanding the problematic situation in society and in formulating appropriate public actions to address public problems." (Sadhana, 2012). The meaning of public policy that the author considers unique is the opinion of Edwards and Sharkansky in Wahab (2011), that "public policy is what the government says and does or does not do... it is the goals or objectives of the programs ... implementation of intentions and regulations."

From the definitions above, it can be said that public policy is an act or legal product that is carried out or produced by the Government to overcome various problems faced by the public or society. These goals and objectives are planned to be achieved through the implementation of the various programs stated in the regulations. In the context of this research, the legal product or policy in question is Wainyapu Village Regulation, Kodi Balaghar District, Southwest Sumba Regency Number: 03 of 2019 concerning the Establishment and Management of Village-Owned Enterprises.

### Public Policy Implementation

Van Meter and Van Horn in Sadhana (2012) define public policy implementation as "actions taken by public organizations aimed at achieving the goals set out in previous decisions. These actions include efforts to convert decisions into operational actions within a certain period of time as well as in order to continue efforts to achieve the major and minor changes created by policy decisions". Another understanding of the implementation of public policy was conveyed by Tachjan (2006), that:

Public policy implementation is a process of administrative activities carried out after the policy is determined / approved. This activity lies between policy formulation and policy evaluation. Policy implementation contains top-down logic, which means reducing / interpreting alternatives that are still abstract or macro into concrete or micro alternatives. Meanwhile, the policy formulation contains bottom-up logic, in the sense that this process begins with mapping public needs or accommodating environmental demands, followed by searching for and selecting alternative solutions, then proposing to be determined.

Van Meter and Van Horn (1975) as quoted by Leo Agustino (2008), argue that: "the definition of public policy implementation is the actions taken by individuals or officials or government or private groups that are directed at achieving the goals outlined in policy decisions". In principle, the implementation of public policy is an effort in the form of action by government organizations in implementing provisions to achieve state goals. In the context of this research, BUMDes must carry out the objectives of establishing BUMDes in accordance with applicable policies.

### **Factors that influence the implementation of public policies**

The theory put forward by George Edwards III in Sadhana (2012) states that: "implementation can be started from an abstract condition and a question about what are the conditions for successful policy implementation. According to Edwards III, there are four variables in public policy, namely Communications, Resources, attitudes and bureaucratic structures. The four factors above must be implemented simultaneously because one another has close relationship. The aim is to increase understanding of policy implementation. Simplification of understanding by breaking down (derived) through the implementation explanation into the principle components. Policy implementation is a dynamic process which includes the interaction of many factors. Sub- categories of basic factors are presented so that the effect on implementation can be seen. George Edward III in emphasizing that the main problem of public administration is lack of attention to implementation. He said, without effective implementation the decision of policymakers will not be carried out successfully. Edward suggests paying attention to four main issues for effective policy implementation, namely communication, resources, disposition or attitudes, and bureaucratic structures. "Furthermore, George Edwards III in Sadhana (2012), also said that: "Communication is concerned with how policies are communicated to the organization and / or the public, the availability of resources to implement the policies, the attitudes and responses of the parties involved, and how the organizational structure of implementing the policies. Resources with regard to the availability of supporting resources, especially human resources. This is related to the ability of public policy implementers to carry out policies effectively. Disposition regarding the willingness of the implementers to carry out the public policy, capability alone is not sufficient, without willingness and commitment to implement the policy. The bureaucratic structure relates to the suitability of the bureaucratic organization that organizes public policy implementation.

### **Village Owned Enterprises (BUMDes)**

According to the Development System Dynamics Study Center Team, Faculty of Economics, Universitas Brawijaya in their book entitled Guidebook for the Establishment and Management of Village-Owned Enterprises (BUMDes) states that: "BUMDes is a pillar of economic activity in the village which functions as a social institution (social institutions) and commercial (commercial institutions). BUMDes as a social institution sides with the interests of the community through its contribution in providing social services. Meanwhile, as a commercial institution it aims to seek profit through the supply of local resources (goods and services) to the market."

There are 9 (nine) main characteristics that distinguish BUMDes from commercial economic institutions in general, namely: (1) This business entity is owned by the village and managed jointly; (2) Business capital comes from the village (51%) and from the community (49%) through equity (shares or shares); (3) Implemented based on the principles of kinship and mutual cooperation and rooted in the values that develop and live in the community (local wisdom); (4) The line of business being carried out is based on the development of village potential in general and the results of market information that support the economic life of the community; (5) The workers who are empowered in BUMDes are potential workers in the village; (6) The profits obtained are aimed at improving the welfare of the village community and / or providing capital; (7) Decision making and problem solving are carried out through village meetings; (8) BUMDes regulations are implemented as village policies; (9) Facilitated by the Government, Provincial Government, Regency Government, and Village Government.

BUMDes as a business capital economic institution is built on community initiative and adheres to the principle of being independent. This means that the fulfillment of BUMDes business capital must come from the community. However, it is possible for BUMDes to apply for capital loans from outside parties, such as from the Village Government or other parties, even through third parties. This is in accordance with statutory regulations (Law 32 of 2004 on Regional Government Article 213 paragraph 3). This explanation is very important to prepare for the establishment of BUMDes, because the implications will be related to its regulation in Regional Regulations (Perda) and Village Regulations (Perdes). BUMDes as a rural economic organization is an important part as well as a weak point in supporting the strengthening of the rural economy. Therefore a systematic effort is needed to encourage this organization to be able to manage strategic economic assets in the village as well as to develop economic networks in order to increase the competitiveness of rural economies. In this context, BUMDes is basically a form of consolidation or strengthening of village economic institutions. Several agendas that can be done include: (1) Development of human resource capabilities so as to provide added value in the management of village economic assets; (2) Integrate rural economic products so that they have a good bargaining position in the market network; (3) Realizing competitive economies of scale for the developed economic enterprises; (4) Strengthening village economic institutions.

### 3. METHODS

This study uses a qualitative research approach, which is the approach used in this research in order to study and reveal research problems in depth, detail and accurately. "Qualitative research is descriptive research and tends to use analysis with an inductive approach. In qualitative research, researchers have the freedom to determine the steps in the research process (not tied to the original plan)" (Jamaluddin, 2015).

This study seeks to explain the role of BUMDes Wailala Wainyapu in improving the economy of the community in the village, in accordance with the objectives set out in the Village Regulation Wainyapu, Kodi Balaghar District, Southwest Sumba Regency Number: 03 of 2019 concerning the Formation and Management of Village-Owned Enterprises, based on the facts or problems that appear to be studied in depth, interpreted and analyzed qualitatively to arrive at conclusions that will be disclosed or described in a clear and detailed manner.

There are several methods or data collection techniques such as interviews, observation and documentation. The three techniques the writer uses in this study (Hamidi, 2004). The informants in this study are officials who have an important role or are responsible for implementing policies including the Village Head, Village Secretary, Head of BPD, Secretary of BUMDes, traditional leaders and women leaders.

Data were analyzed using several steps according to the theory of Miles et al. (2014), namely analyzing data in the following steps: data collection, data condensation, presenting data (data display), and drawing conclusions or verification (conclusion drawing and verification). Data condensation refers to the process of selecting, focusing, simplifying (simplifying), abstracting (abstracting), and transforming data (transforming).

### 4. RESULTS AND DISCUSSION

#### **The strategy of "Wailala Wainyapu" Village-Owned Enterprises in improving the economy of the Wainyapu village community**

##### **Establish a BUMDes organizational structure**

BUMDes was formed with the aim of realizing a strong and independent community economic institution to provide services to community needs. This is regulated in article 4 of the policy. In chapter 8 on management regulates that the BUMDesa management organization "Wailala Wainyapu" is separate from the village government organization. Based on this policy, the Wainyapu Village Government does not allow officials in the Village government or any Village institution to serve in BUMDes, except for the Village Head who has the obligation to serve as a commissioner. Furthermore, it is stipulated that the BUMDes management consists of one commissioner, director, secretary, treasurer, business unit manager and supervisor who represents the community. However, in the Village Head Decree Number: 05 / WYP / KOBAL. SBD / 2019 concerning the Determination of the Management of Village-Owned Enterprises (BUMDes) "Wailala Wainyapu" is not spelled out by supervisory officials, this is deliberately done because the number of activities and budget is not much to supervise and there is no profit to be supervised either. So even though it has been regulated, the Wainyapu Village Head applies discretion in determining management as needed even though it is not in line with the applicable policy. The Perdes policy also stipulates that BUMDes administrators must be determined and determined through deliberations with BPD and the community but at the implementation stage BUMDes administrators are formed without involving the community or BPD Wainyapu, and there is no discussion or village deliberation. The determination of the management is deliberately carried out unilaterally by the Village Government so that there is no determination of persons due to political factors that can be caused by the community or BPD, considering that the Village Head election will be held.

##### **Community empowerment program**

##### ***Saving and borrowing business capital***

The community needs business capital assistance in entrepreneurship, but business capital is difficult to access by people who are in the middle and lower economic levels, so that the Wailala Wainyapu BUMDes provides opportunities for people with middle and upper economic capacity to save their money in BUMDes, and vice versa for people who need it. Money has the opportunity to borrow money as business capital. Until August 2020 there are 5 people who borrow business capital at BUMDes with the grand total a loan of IDR 12,500,000.00. So that people are interested and motivated to open a business with easily accessible capital, BUMDes provides relief in the form of simple loan guarantees, for example local custom fabrics, or motorbike BPKB for those who have, with a normal interest of 10% per one loan.

### ***Empowerment of farmers***

There are 2,328 people who work as farmers in Wainyapu village, therefore BUMDes Wailala Wainyapu has budgeted up to IDR 35,000,000.00 to help people in the agricultural sector, from agricultural technology to harvesting and marketing of agricultural products, so that farmers are helped and there is an increase in people's understanding of the farming process to marketing. As an initial stage, all of the crops of the majority of Wainyapu Village farmers were purchased by BUMDes at a more competitive price. The agricultural products are then processed by BUMDes workers who are unemployed people recruited by BUMDes.

### **Community economic improvement program**

#### ***Opening up jobs***

BUMDes seeks to reduce the number of unemployed by providing affordable loans for people who want to open businesses, and providing jobs for educated unemployed people, namely as administrators. The administrators in question are young high school graduates who are unable to continue their higher education, as well as graduate graduates who have not found a job. There are 7 young people who have the opportunity to get the job. Meanwhile, several other youths with low education are employed as workers transporting agricultural products from the gardens to BUMDes warehouses. Thus, although not much, in the first year BUMDes contributed in reducing the number of unemployed people in Wainyapu Village.

#### ***Regulate the circulation of money in the village***

In improving the village economy, BUMDes implements a strategy of circulating money in the village, namely by keeping the money spent by BUMDes circulating in Wainyapu village. Starting from agricultural products purchased by BUMDes so that farmers get higher income and profits, the agricultural products purchased are processed at BUMDes from food that is not ready for use into ready-to-use food, where the managers are unemployed people employed in the process, the the manager is paid by the BUMDes, then the processed food is sold back to the community at a normal price so that the money in the community is collected back to the BUMDes to be distributed back to the community through purchasing transactions for agricultural products, paying for labor and so on. It means, money from BUMDes revolves around the village. This cycle allows economic stabilization in the village to be maintained, so that when the community does not have money for production or to open a business, the money collected in BUMDes can be channeled through a loan scheme, otherwise money can be collected back in BUMDes because there is a scheme of saving or saving money and selling processed agricultural products.

### **Factors that encourage and hinder the efforts of the Village-Owned Enterprise "Wailala Wainyapu" in improving the economy of the Wainyapu village community**

#### **The driving factor**

##### ***HR/Management***

The Director, Secretary, Treasurer and Manager of the BUMDes Wailala business unit are people with capacities in their respective fields. The director is an undergraduate graduate who has long been involved in implementing village development policies, for example, he was trusted by the government of Southwest Sumba Regency as the pioneer of village development. The secretary is a scholar who has previously owned a business and has always been involved in the entrepreneurial world in the field of agriculture in Wainyapu Village. The treasurer is a Diploma graduate who was previously active as a student activist, while the manager is a high school graduate who has tenacity at work. The profile of the management shows that there is a capacity of human resources within the BUMDes that can support the quality of BUMDes policy implementation. This is evidenced by the performance during the first seven months of holding BUMDes, even though it was only one semester but the community has been helped by the policies, programs and activities held.

##### ***Society participation***

Since March 2020, the socialization about sharing policies and plans for BUMDes program activities to the community has started, either by visiting residents' homes, delivering announcements at houses of worship, or holding meetings with community representatives at the Village Office. One month later the community immediately participated in the implementation of BUMDes policies, for example there was a reaction from the community who made loans for entrepreneurship. In addition, in May the community agreed to sell agricultural products to BUMDes to be managed, and also agreed to buy food that has been processed at BUMDes. This was evident throughout the month of July, when all community crops were sold to BUMDes, except for household food supplies. Furthermore, the community prefers to buy processed food at BUMDes

rather than buying from the city. This shows enthusiasm, participation, and mutual cooperation as a sign of serious support from the community for BUMDes policies.

### **Obstacle Factor**

#### ***Budget and bureaucratic system***

BUMDes were formed since the beginning of 2019, but BUMDes started with a vacuum or work-free during 2019. This is because the budget that was planned to be disbursed in the second semester or in September 2019 was canceled by the Regency government and only disbursed in December 2019. There was a transition period in the leadership of the Regent and Deputy of Southwest Sumba, in addition to the arrest of the Head of the Community Empowerment and Village of Southwest Sumba who was involved in a corruption case, which resulted in obstruction of various administrative processes including the disbursement of the BUMDes budget in Wainyapu Village. The amount of budget obtained by BUMDes is also very small, where the total BUMDes budget in the first year is only Rp. 50,000,000, - (Fifty Million Rupiah). Meanwhile, the budget requirement designed by BUMDes management is IDR 200,000,000.00 which means that in order to implement policies related to BUMDes, there is a budget shortfall of IDR 150,000,000.00.

#### ***Village political situation***

In June 2019 the Village Head must be deactivated because the term of office has ended, so that the position must be transferred to a temporary acting who comes from an element of the Kodi Balaghar District government. This means that in the context of BUMDes policy, the definitive Village Head is only at the planning stage, while implementation is controlled by the Acting Village Head who motivates does not really understand the essential direction and purpose of establishing BUMDes in Wainyapu. This can affect the BUMDes policy implementation process. In addition, there are Pros and Cons between supporters of the incumbent Village Head candidate and the new Village Head Candidate, both within the government and within the community. The findings show that the Chairperson of the BPD of Wainyapu Village is a political opponent of the Head of Petahana Village, so that there is a difference in views from planning to implementation of several BUMDes activities.

## **5. CONCLUSION**

The strategy of "Wailala Wainyapu" Village-Owned Enterprises in improving the economy of the Wainyapu village community is based on the Village Regulation of Wainyapu Village, Kodi Balaghar District, Southwest Sumba Regency Number: 03 of 2019 concerning the Establishment and Management of Village-Owned Enterprises. From the perspective of the organizational structure, it was not implemented optimally due to the vacant position of supervisor that was deliberated at the time of formation, plus the formation of the management did not involve the community and / or BPD. However, from the standpoint of organizational independence and personal management, it is in accordance with the requirements of the applicable policy. From the side empowering the community through capacity building and economic management, BUMDes opens mutual cooperation with business capital savings and loans schemes, until August 2020 there are several people who have made loans for entrepreneurship. In addition, BUMDes empowers farmers by providing agricultural knowledge and technology assistance to make them more productive, which later agricultural products will be purchased, processed and sold back to the community at affordable prices. From the side in improving the community's economy, BUMDes opens job opportunities for youth with low education as BUMDes workers, while youth with high and middle education are recruited as administrators or administrators at BUMDes. In addition, BUMDes seeks to regulate the circulation of money in the village so that it is not spent outside the village of Wainyapu, thereby helping the economic stability of the Village. The driving factors for efforts to increase the village economy include; adequate capacity and quality of administrators to serve and implement BUMDes policies, the administrators have a very supportive educational background and technical experience. In addition, high community participation really helps the smooth implementation of various BUMDes activities. Meanwhile, the inhibiting factors for policy implementation include the lack of available budget as well as the political situation in the village which is getting hotter ahead of the village head election.

Based on the various descriptions above, several things are suggested to the Wainyapu Village Government and the Wailala Wainyapu BUMDes Management, as follows: (1) The Village Government needs to increase the Capital Participation Budget for BUMDes, considering that BUMDes are a pillar of the village economy. Moreover, the enthusiasm of the community to participate, by increasing the budget, it will add to superior programs and activities as an effort to empower and improve the economy of the Wainyapu

Village community. (2) BUMDes administrators must have the courage to work independently without being distracted by the heating up political situation in the Village, so that BUMDes activities continue to run in accordance with the main goal of empowering the community and improving the economy by strong and independent village economic institutions.

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