

What Role Business Administration Plays In Rural Communities (BUMDes)

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Abstract— *The purpose of this research is to gain an understanding of management in rural enterprises (BUMDes). In principle, BUMDes ought to be administered in accordance with the principle of sound governance. The primary focus of the issue, however, is managing BUMDes and determining whether or not they are acceptable or not in accordance with the concept. The interpretive paradigm and the case study approach are both used in this research. These studies are based on information provided by sources that are actively involved in and related to the management and activities of BUMDes. The results of this research indicate that village foundations can serve as seed money for BUMDes, that the presence of community members at village meetings can be interpreted as a form of participation, that the existence of village websites and groups on WhatsApp can serve as a form of transparency, and that accounting methods have not yet been applied as a form of financial reporting..*

Indexed Terms— *Good Governance; Participation; Transparency; accountability; BUMDes.*

I. INTRODUCTION

A village is the smallest community with links to other community groups and can directly relate to the community's needs. Villages can be found in any country. The term "village" refers to a legal community unit that has territorial boundaries for local rules and community interests based on community initiatives, original rights, and customary rights, all of which are respected by the state system. Villages are recognized as legal community units in many countries (Law No. 6 of 2014). The existence of the village economy in Indonesia, which is an attempt to promote participatory development in underprivileged areas and has resulted in the government adopting a village fund policy, is another

factor that contributes to the country's overall economic growth (Mustanir & Abadi, 2017). Even if the economy of Indonesia is showing signs of improvement these days, residents of many communities in Indonesia are still living in abject poverty. In light of these circumstances, the central government started paying greater attention to the economic growth of the village, and as a result, the budget allocated to the village was increased on an annual basis. Rural funds received a budget of Rs 60 trillion in 2018, but received Rs 70 trillion in 2019. In 2019, these funds received Rs 70 trillion (Compass, 2019). The APBN (Regional Revenue and Expenditure Budget), in which the budget of the Village Fund has been enhanced to encourage rural development, is where the money for the villages comes from (Law No. 6 of 2014). According to Ordinance No. 113 of 2014 issued by the Minister of the Interior, the principles of openness, accountability, and involvement of rural finances must be adhered to in order for the budget to be implemented properly.

The quality of human resources might be one of the obstacles to village development in Indonesia, which has resulted in rural organizations in the country's rural areas being managed less than optimally (Triani & Handayani, 2018). Being accountable to those who govern is a fundamental component of effective administration. Accountability in rural self-governance is highly important, which means that the institution must be able to account for the activities of rural organizations that use the budget of the rural fund. This is because accountability is very important in rural self-governance. (Nakhrudin, 2014). One of the initiatives taken by the government to stimulate the growth of the economy in rural areas is called BUMDes. The village government is responsible for accounting for the village fund budget, which is used to generate BUMDes. As a form of reporting, the village government should always make the

expenditure of the village fund budget public (Ismail et al., 2016). BUMDes is an organization that is used to thrive in the rural economy; therefore, it is imperative that it be efficiently managed (Kusumawanti et al., 2017). According to Carter, Burritt, and Pisaniello (2013), the application of policies governing village foundations has a beneficial influence on the management of village foundations as well as the efficiency of village development initiatives. If the BUMDes usage pattern has not been correctly handled, it is possible to argue that the implementation of BUMDes has not been successful in terms of making a contribution to the community (Prasetyo, 2016). According to the findings of a study that was conducted by Triani and Khandayani (2018), the low quality of human resources in rural areas is a barrier to rural development. The inability of the village authorities to accountably declare the distribution of the budgets of the village funds may present obstacles in the way of the management of BUMDes. This difficulty may be caused by a shortage of human resources. These circumstances have an impact on the administration of the community.

BUMDes has the characteristics of a social enterprise, although it may also be called a business institution that was founded to address social issues that make BUMDes accountable. Either way, BUMDes was created to address social issues that make BUMDes accountable (Widiastuti et al., 2019). BOOM is inseparable from the influence of the social environment because of the social entrepreneurial aspect of the organization. For the sake of the continued existence of the company, businesses absolutely require the participation of key stakeholders in the decision-making process. Owners of businesses, investors, members of communities, the government, and employees are examples of stakeholders (Lindawati & Puspita, 2015). The Sumbawa District is made up of multiple districts, with a total of 157 settlements and 24 districts. The village, which was one of the first villages to have BUMDes in the form of a culinary market and shop rental and which received praise from the head of the Health Authority as the first village to give a share of the profits from BUMDes income to be allocated to BPJS medical contributions for low-income residents, became one of the first villages to have

BUMDes in the form of a culinary market and shop rental (Suaramerdeka, 2018). Villages that are at an advantage when it comes to allocating BUMDes profits to the health sector could run into difficulties when trying to realize accountability. The purpose of this research is to gain a deeper comprehension of the administration of BUMDes from the perspective of sound governance. In this context, it is necessary to investigate the capacity of BUMDes to exercise effective management.

II. METHOD

For the purpose of this investigation, a qualitative approach with an interpretive paradigm was utilized. The interpretive paradigm is a method of gathering information on societal or cultural happenings by taking the perspective of the person doing the reporting into account (Muslim, 2016). The case study (Yin, 2003) was selected as the technique of research because it is a strategy that can be utilized to understand how BUMDes management is conducted. This decision was made in accordance with the objectives of the study. Village X, located in the Sumbawa District, served as the location of the study. Village X was chosen because it was the first village to contribute some of the revenues from BUMDes to BPJS's healthcare contributions. This is one of the reasons why Village X was selected. This is because BUMDes was successful in acquiring benefits that the villagers were able to put to good use as a result of their efforts. Interviews with informants who are involved with and associated with the activities and operations of BUMDes produced these research data. Mr. AZ, who was the Head of the Village, Mr. KH, who was the Treasurer of BUMDes, Mr. D. A., who was a Member of BUMDes, Mr. J.C., who was the Chairman of the RT, Mr. T.S., and Mr. K.I. were all informants (members of the community). In the data analysis procedure, data thematization methods are used (Myers, 2009).

III. RESULTS AND DISCUSSION

In the Sumbawa region, which has a total population of 509753 individuals, you can find the village that served as the location for this research. This village is not only the center of rural administration, but it is also the nerve center of traditional marketplaces,

making it one of the most important settlements in the surrounding area. Because of its many achievements in agriculture, plantations, and the arts, it is also considered one of the most prominent settlements in the surrounding area. Additionally, this municipality holds the distinction of being the first in the country to have a BUMDes company with completely developed laws. This BUMDes was developed in order to improve the economy of the village, boost the initial revenue of the village, and improve the way the potential of the village is managed so that it may more effectively meet the requirements of the rural community.

The establishment of rural businesses is one strategy for fostering growth in the economy of rural areas (BUMDes). BUMDes is one of the kinds of village fund management that may be implemented. It manages the capacity for a village to be independent through the community's participation in a variety of economic activities in an autonomous and cooperative manner (Ismail et al., 2016). In this situation, the role of community participation is vital in making decisions that are expected to gradually realize the goals of the village in accordance with the needs of the community. These decisions are intended to be made in line with the needs of the community. Village discussions, also known as village meetings, are transformed into one of the platforms for the purpose of spreading the work program of the village government as part of the process of planning the development of BUMDes. According to what Mr. Kha, the leader of the hamlet, has claimed,

"The process of socialization in society is the first step in the development of BUMs." Village gatherings, which function as discussion forums, are where this sort of socialization takes place. which was attended by the village advisory council, the government of the village, and some of the rural villages in the area. In order to establish a positive relationship between the village administration and the community, it is essential to do this socialization in order to explain what BUMDes are to the community, as well as a great deal of other information. This step in the process of developing BUMDes is very essential because it involves the community from the very beginning. Involving the

community from the very beginning allows the community to comprehend and believe in the program that the rural government is implementing. This was also answered in accordance with the viewpoint of Mr. J.K. as the head of RT, which was as follows:

"Every village needs to have input from the community when it comes to the planning process." Because it involves a matter of concern to all members of the community, the community as a whole ought to take part in the planning of the formation of BUMDes through this village meeting. The establishment of this BUM district has met with approval from a lot of residents, who are very pleased.

Mr. J.K. further informed me that a large number of inhabitants of the village attended and participated in the meeting that was conducted in the town hall. The following statement provides evidence of this: The meeting of the village is attended by a sizeable number of locals, some of whom take part in the conversation with the chief of the community while others wait outside.

It is believed that the planning and utilization of village monies allotted by BUMDes will be appropriate and targeted to the requirements of the village community if village meetings are held that directly involve the community in activities.

Additionally, this was communicated by Mr. K.H. in the following manner:

"Ms., village gatherings provide a great number of benefits to society." In most cases, the presence of this village meeting contributes to a more amicable relationship between the village officials and the community. Village meetings like this one can also be used to think together about how the village can be managed in the best possible way in the future. Additionally, the community can learn to respect the opinions of other people and to put their own personal interests aside for the benefit of the village as a whole."

The community was involved at every stage of the planning process for the formation of BUMDes, which was carried out in compliance with the laws

that were in effect at the time. It is absolutely necessary for there to be community involvement in the planning of every village. Participation from the community is required for any decisions to be made that are in the best interest of the village. Research conducted by Batubara (2006) indicates that participation is built on the freedom to associate with others and to speak one's mind, and that it has the potential to be constructive. The rural community provided very encouraging feedback during the planning stages of the creation of BUMDes. The requirements and opportunities that were present in the village inspired the creation of BUMDes in the shape of storehouses and culinary pleasures. These BUMDes were designed to fulfill those needs and capitalize on that potential. According to Riddlevan (2014), one of the purposes of planning for the formation of BUMDes is to implement village development in accordance with the demands of the community and the conditions of the village. This is in keeping with what he stated, and it demonstrates that this goal has been met.

According to Article 87 of Law No. 6 of 2014, villages have the ability to establish BUMDes by utilizing community funds that can be managed in a manner that prioritizes kinship and cooperative endeavors. A portion of the village's wealth has been set aside as an investment in the BUMDes stock that is owned by the village through direct participation. This investment is for the purpose of managing the village's assets, services, and other companies for the benefit of the rural community. Mr. K.H. indicated that the funding for the implementation of BUMDes activities originated from the village finances and was distributed for village activities in many stages. These stages took place over the course of several years. In light of the findings of the interview, Mr. K. Kh provided the following explanation:

"The distribution of funds takes place in two stages: first, money is transferred from the state general Treasury account (RKUN) to the regional general Treasury account (RKUD), and then the money is transferred from the regional general Treasury account (RKUD) to the rural cash account (RCA). The months of January through April are reserved for the periodization of the disbursement of the rural fund from RKUN to RKUD. The first stage of the

transition from RKUD to RKD reached 40% during the second week of April. The second stage takes place in the second decade of August and once again sees a transfer of 40% of the prize money to the RKD. The third stage will now take place 20% earlier than originally scheduled, in the second week of October.

In addition to the monies that are used, which come from village funds, the activities that are carried out in the implementation of BUMDes are carried out by the community members themselves.

This was also communicated to me by Mr. Kh, specifically:

The people living in the village of Kebonan are the ones who, if at all possible, carry out the activities necessary for the implementation of BUMDes. This is done because the authority of the village wants its citizens to have the opportunity to participate in the process of rural development being carried out.

Mr. K.Khexplanation about the separate implementation of BUMDes activities was bolstered by Mr. D. A.'s statement, which stated:

"Residents are self-employed in the development activities of BUMDes; however, there are only a few activities that they are unable to do; these activities include building houses for shops and building gardens; in order to do these activities, residents are required to use builders and craftsmen who are experts in gardening.

"If it is not recognized that the community can do it themselves, such as setting up a food booth, (culinary) we will do it together."

One of the citizens who was involved in the process of putting BUMDes into action noted that all of the actions were carried out by the citizens themselves. During an interview, Mr. J.K. stated the following:

If the residents of village X are capable of carrying out a particular activity on their own, then they should do so. Since money is the medium through which public monies are distributed, it is necessary for each community to have the ability to administer its own finances; hence, an activity management group has been established for this purpose.

Mr. M, a resident of the hamlet who assisted with the BUMDes initiative, was the one who came to this conclusion. As a consequence of the interview, Mr. M. provided the following testimony:

The formation of BUMDes is carried out in accordance with a system of cooperation between the many parties involved. In order to facilitate the growth of the village as a whole, a number of local citizens participated in the process of building the BUMDes. overall more advanced and sophisticated." In addition to the expansion of BUMDes, there are other advancements taking place in the village. These developments include the construction of roads and sewers, both of which are carried out by the residents of the village on their own. According to the statements made by Mr. M., who was also involved in the development of a drainage system in the village of Kebonan:

"I assisted in the construction of a moat; all of the responsibilities of the village had to be handled by the residents themselves because it was for the benefit of the community as a whole,"

The creation and application of BUMDes provide a significant boost to the villagers' ability to maintain their independence. Mr. K. H., in his role as head of the village, ensures that the community is involved in all of the activities that are carried out. This serves as a step toward the implementation of the BUMDes, which are subject to good governance. As was the case with the creation of BUMDes, all activities are required to be carried out by the community itself through the use of collaborative labor. This is done in order to conserve money while also working toward the goal of being an autonomous village. According to the research conducted by Rizqi (2021), an independent village is a village that is capable of meeting its own needs, and if it receives assistance from the government, this assistance serves only as an incentive. This finding is consistent with the findings of this research. Law no.

Good governance Government cannot work properly if it does not require cooperation between parties. In order to put into practice the concepts of participation, accountability, and transparency, the leadership of BUMDes needs to have strong ideals.

Only then can the implementation of good governance be successful. The BUMDes who work in the village administration needs to be able to give the community information that is clear and understandable regarding the activities that are carried out. Information that is both readily available to all members of an organization and easily comprehensible to all of those members is referred to as transparent. The provision of information occurs during village meetings and Mr. K.Kh. BUMDes management reports on the report at the end of the year, according to the findings of an interview with Mr. K.Kh. BUMDes management. Mr. K.H. said:

At the very least once a year, the Village Meeting must take place, and in order to cover the costs associated with it, the Regional Revenue and Expenditure Budget (APBD) must be utilized. "Village meetings also include villagers who have been officially invited by the village government, such as community leaders. Additionally, village gatherings may include villagers who wish to join but are not permitted to do so."

This information is also available on the website of village, as well as through the WhatsApp group that the village maintains. According to a study that was conducted by Rizqi (2022), village information services in West Nusa Tenggara villages can be accessed through online media or websites in an effort to increase information transparency. Utilization of the information service system of the village through the use of online media that is capable of providing a variety of information, such as the potential of the village, the activities of the village, and the provision of information linked to BUMDes. Additionally, this was communicated by Mr. K.H. in the following manner:

"This village also has a website that is used by the community to make it easier to find information, even though there is still incomplete data. In addition, a WhatsApp group has been created so that people can directly relay information to one another or make complaints or suggestions without having to go through a complicated procedure."

Meetings in the village that were held for some people turned out to be less beneficial than expected

unless only the formal components were put into action. This statement was communicated to me by Mr. J.K. in the following manner:

"There are some persons who participate in village meetings, but their sole intention is to encourage and inspire other people who are a part of the community." "I always get invitations to meetings hosted by the village government, but due to the fact that there are numerous local communities participating, this is typically inefficient because many people merely talk about themselves," she said. One of the elements that prevent the rural government from practicing efficient governance is the rural community's ineffective engagement in the conversations that take place in the village. This is one of the factors that hamper the rural government. The administration of the village and the community both play a very essential part in BUMDes management, and this should be reflected in the way the program is run. Participation from the community is necessary for the decision-making process utilized in the administration of BUMDes. In a recent interview, Mr. JK was quoted as saying:

"It is hoped that the commitment between the village government and the community will be able to boost the level of participation of the rural community towards the progress of the village in the future." [Case in point:]

The accountability principle is connected in some way to the management of BUMDes as well. In order for organizations to be held accountable in a manner that is both open and impartial, they need to run their operations in a way that is both consistent and sustainable. The accounting method that is supposed to be used for administering BUMDes is not functioning very effectively at BUMDes Mandiri. This was communicated to me in the following manner by Mr. K.I.:

"The treasurer is responsible for accounting; the treasurer keeps a record of all of the village's income and expenses." Additionally, it is the treasurer's job to compile financial statements that will hopefully be considered at some point in the future. "The production of the financial statements has not yet

been completed for this BUMDes Mandiri as it has just been operating for close to a year,"

The accountability form can be used to generate reports if necessary. According to the Decree of the Minister of Villages for the Development of Disadvantaged Areas and Resettlement No. 10.19 of 2017, BUMDes is one of the public service organizations that is a priority program for the rural government. This is based on the fact that BUMDes is one of the public service organizations. The BUMDes members are one of the variables that can create roadblocks in the way of implementing good governance. This information was backed up by Mr. K.I., who stated:

"I'm sorry, ma'am, but I'm a computer engineer, and I still have a lot to learn about accounting." "I did not graduate from an accounting program." In addition to this, the leader of the village provides constant direction on how to improve the process of preparing financial reports.

According to the findings of a study that was conducted by Kurniasih and Wijaya (2017), the poor performance of BUMDes in Sumbawa Regency can be attributed to the failure of managers to achieve the values of responsiveness, community empowerment, responsiveness, effectiveness, and economy. According to the findings of the study, the fact that BUMDs are not managed in a professional manner is the primary contributor to their lackluster overall performance. The management of the company is guided primarily by the values of transparency and accountability. The structure that is used to administer the company ought to be open and transparent, and there ought to be a process in place for regular and annual reporting that can be accounted for.

CONCLUSION

The findings of this study indicate that village funds can be used as initial capital to establish BUMDes, while the importance of BUMDes governance actors can be interpreted in terms of effective government management, the fact that village meeting is a form of community participation, transparency can be interpreted by the accessibility of village websites

and WhatsApp groups, and the absence of accounting practices can be construed as a form of financial reporting. Participants in this study were offered the opportunity to gain, at least in theory, a new perspective on what the term "good governance" means. In the most basic sense, the purpose of this research is to deepen our understanding and ability to realize the principles of good governance in BUMDes. One of the limitations of this research is that researchers have not examined the how and why behind implementing good governance in BUMDes.

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