

OPTIMIZING VILLAGE-OWNED ENTERPRISES MANAGEMENT TO ENHANCE COMMUNITY WELFARE IN MODONG VILLAGE, SIDOARJO REGENCY

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Abstract

This study aims to determine the principles of managing village-owned enterprises to improve people's welfare in the Modong, Sidoarjo Regency village. This study used a qualitative approach with a descriptive research type. The authors used data collection techniques through interviews and observations to obtain the informant data needed in this study. Research shows that the management of BUMDes in Modong Village, Sidoarjo Regency, can be seen from three aspects: 1) Good cooperation between BUMDes managers and the village government can be seen in the form of village budgets allocated to business programs, although the amount is still limited. 2) Good accountability can be seen in administrative reports routinely carried out every year and in business forms such as savings and loans and the provision of iron tents or aisles. 3) Business continuity, in general, has been going well because most Modong Village residents are farmers. Therefore, BUMDes managers hope to get capital assistance in the agricultural sector, such as fertilizers, poisons and seeds, to make it easier for the community to access agrarian materials. The role of BUMDes in Modong Village in developing potential and empowering the community, in general, has been going well. However, there are still some things that need to be improved. The supporting factor is the government's commitment to overcoming poverty and empowering villages through BUMDes, which is reflected in the allocation of funds from village funds, district budgets, provincial budgets, and related ministries. However, the still limited village budget for developing larger businesses is the inhibiting factor.

Keywords : BUMDes; Village; Enterprises Management; Enhance Community

INTRODUCTION

In the current era of autonomy, villages also have village autonomy, which gives villages full rights and authority in managing and running their governments so they can be independent and innovative in improving the progress and welfare of the people in the village (Fathoni et al., 2022). UU no. 8 of 2005 concerning changes to Law no. 32 of 2004

Volume 6, Nomor 1, Februari 2024; 1-22

<https://ejournal.stipn.ac.id/index.php/manazhim>



concerning Regional Government. Over time, the law changed according to the circumstances so that the government had the initiative to regulate villages (Wulandari et al., 2019). So far, the village has been regarded as a lowly place compared to the village, so few villages have become villages to elevate their social status in the eyes of other people. This certainly cannot make the government remain silent. Because if left unchecked, the village will slowly disappear, while the village is significant for preserving customs and culture (Medah & Santosa, 2023; Oktawirani & Hsiao, 2020). Therefore, the central government wants to boost this mindset by issuing Law No. 6 of 2014 concerning the newest village, where the village is an autonomous region and has the right to regulate and manage its village.

Law No. 6 of 2014 Article 72, paragraph (1) and section (4) concerning Villages; however, villages still need to depend entirely on this assistance for their income. Because before the law was enacted, there was no village fund allocation assistance, and towns had to drain their energy and rack their brains to get maximum village income (Ambarwati et al., 2023; Andriani, 2022). Therefore the city must explore the potential of the village both in terms of Natural Resources (SDA) and in terms of Human Resources (HR) and Economic Resources (SDE) in the town, which will later become a source of village income or village finance.

Village finances from income sources must be appropriately managed to achieve village development. However, we know that most of the village's sources of income come from assistance from the central government and regional governments because, indeed, the town is a small autonomous region (Ambarwati et al., 2023; Hardika & Putra, 2020; Medah & Santosa, 2023; Saleh & Evendia, 2023). If it only relies on the village's original income, it will not be able to increase village development in terms of infrastructure and administration. So needs, good management and management of the village's initial payment and village finances so that the town has adequate village actual income to support the welfare of the village community.

One of the strategies in facilitating villages to obtain village income sources is for the government to make policies that regulate this. One of them is Law No. 32 of 2004 Regional Government, which states that village governments are also encouraged to have Village Owned Enterprises (BUMDes), which help manage the village economy, meet needs, and explore village potential. This law is one of the efforts of the central

government to increase the role of villages to get involved and intervene directly in improving the village economy (Wijaya & Purnamawati, 2023; Winarsi & Moechthar, 2020). The law is under Minister of Home Affairs Regulation No. 39 of 2010 concerning Village Owned Enterprises, a follow-up regulation of Law No. 32 of 2004, which states how to establish and manage the BUMDes.

Village Owned Enterprises (BUMDes), which are developed based on village needs and potential, are village business institutions that are controlled by the community and village government to enhance the village economy (Laksana et al., 2023; Medah & Santosa, 2023). BUMDes, which serves as a social and commercial institution, is a mainstay of economic activity in the community. BUMDes also serves as a social organisation that promotes the needs of the neighbourhood by helping to provide social services. In the meanwhile, it seeks to make money as a commercial organisation by providing the market with local resources. The creation of BUMDes is also supported by Law No. 6 of 2014 concerning Villages in Article 87, Section 3, and Paragraphs (1) and (2), which state that villages can establish village-owned enterprises called BUMDes, BUMDes is managed in a spirit of kinship and cooperation, and BUMDes can carry out business in the economic sector and or public services following the provisions of laws and regulations (Soeprapto & Nugroho, 2023; Winarsi & Moechthar, 2020).

The potential of BUMDes as an independent village community business institution in providing the welfare of the village community itself. For rural people to develop their potential not to be disadvantaged and gain more, a reverse flow is needed in distributing natural resources and policies (Irianto & Wati, 2022; Medah & Santosa, 2023; Prasetya & Prajanti, 2023). One of the BUMDes established to support or strengthen the village economy is BUMDes Mekar Berkembang, launched on May 9, 2016, to improve the economy of Modong Village, as one of the villages in Sidoarjo Regency (Sunarjanto et al., 2021). Modong Village can develop its potential in tourism, fishing ponds, clean water management, culinary kiosks, and credit. There are few BUMDes Mekar Berkembang programs. Although they only have a few main programs, namely savings and loans, they have yet to be able to run fast because there are still many obstacles in the field (Inayah et al., 2020).

After the research made initial observations regarding the principles of Village-Owned Enterprise Management and based on initial interviews with several related parties, there

were several problems, namely the need for more guidance and guidance from the Village government and support in the form of financial and non-financial funding (Hidayah et al., 2020; Irianto & Wati, 2022; Kania et al., 2021). This is because the Regional Government of Takalar Regency has yet to hold a particular program for the introduction and development of BUMDes to the Village Government, such as technical guidance on BUMDes, guidance for BUMDes administrators, and BUMDes financial management.

Based on the results of initial observations, several BUMDes programs are constrained, such as cooperativeness, in this case, the need for more cooperation between the village head and the BUMDes managers themselves. In this case, the village government needs to provide more support for implementing BUMDes; this can be seen from the lack of budget given to BUMDes managers (Winarsi & Moechthar, 2020). The BUMDes manager still needs to improve in BUMDes development planning in the long term. Meanwhile, the role of the local government is significant for the progress of this BUMDes, the local government, both the East Java Provincial government and the Regency/City Government (Prasetya & Prajanti, 2023). BUMDes management must use cooperative, accountable, and sustainable principles. However, the local government seems indifferent to not providing maximum support to the BUMDes of Modong Village, even though sometimes they only act as intermediaries when there is no information from the government regarding the BUMDes of Modong Village.

In addition, being accountable is one of the obstacles in managing the BUMDes program in Modong Village, Sidoarjo Regency, namely the need for more reports from the BUMDes manager to the village government regarding the development of the BUMDes program implementation itself that there needs to be a better understanding between the village government and the BUMDes management regarding the reporting that will be provided (Akbar & Hardaningrum, 2020). The community hopes that the BUMDes programme will be improved in order to better meet the agricultural needs of the Modong Village community because there is a significant conflict between one of the programmes that has been implemented thus far and the work of some village residents who work as farmers.

Some of the things found during the initial observations mentioned above indicate that there are still problems in implementing the BUMDes program in Modong Village, Sidoarjo Regency. Therefore, researchers are interested in researching the principles of

managing village-owned enterprises to improve people's welfare in the Modong, Sidoarjo Regency village.

METHODS

The author conducted this study between 10 January 2023 and 29 February 2023 over a period of 2 (two) months, with the study taking place in Modong Village, Sidoarjo Regency. The subject of the study is BUMdes Mekar Berkembang. Because the author is attempting to ascertain the process for BUMDes management by the Modong village community, this study employs qualitative research methods. This study is of the descriptive research kind.

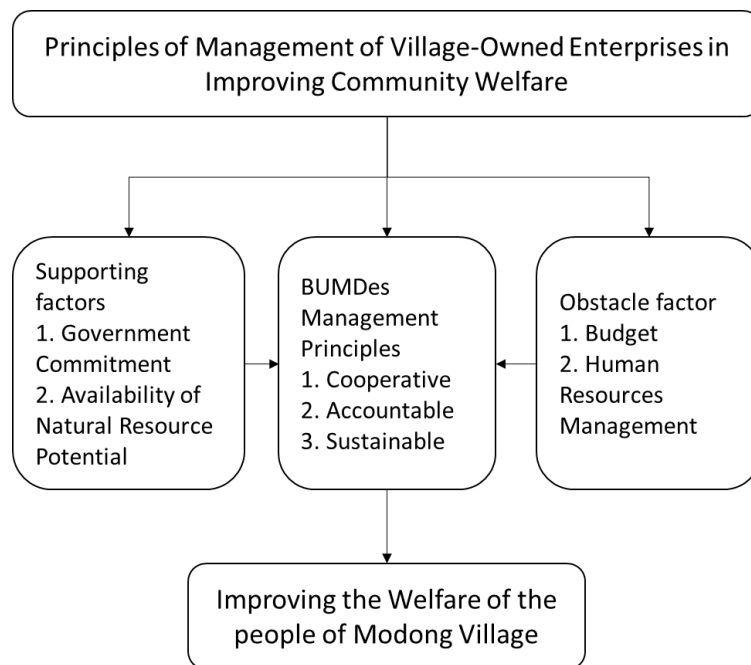


Figure 1. Research Framework

The determination of informants in this study was carried out using a purposive sampling technique in which the informants were chosen deliberately based on predetermined criteria and determined based on research objectives (Sugiyono, 2018). The requirements of the informants appointed or selected in this study are:

Table 1. Research Informants, Initials and Position

No	Informant Name	Initials	Position
1	Abdul Munib SE	AM	Village head
2	Sumari S.M	SI	Village Assistant
3	Isfandi S.E	ID	village secretary
4	Arifin Nurul Iman S.M	AN	Chairman of the BPD
5	Syarifuddin M.E	SD	Head of BUMDes
6	Musyrif Risfan Amir	SR	Public
7	Siti Badriah	SB	Public

The authors used data collection techniques through interviews and observations to obtain the informant data needed in this study. The data analysis technique used in this study is an interactive data analysis technique from Abdussamad & SIK, (2021), namely: (1) Data reduction by summarizing, choosing the main things, focusing on the essential things, looking for themes and patterns from the data; (2) Data display, presenting data in the form of brief descriptions, charts, relationships between categories, and so on; and (3) drawing conclusions (verification), drawing conclusions about the meanings that emerge from the data. Data validation in this study was carried out by (1) Extending observations; (2) Increased persistence of researchers; and (3) Triangulation. The triangulation that was carried out was the source, technical, and time triangulation.

RESULTS

The principle of BUMDes management in improving the welfare of the people of Modong Village

1. Cooperatif

For the growth and survival of their firm, every component participating in BUMDes must interact amicably. BUMDes is a cornerstone of economic activity in the village and serves as both a social institution (Social Institution) and a commercial institution (Commercial Institution), therefore it necessitates synergistic collaboration between administrators, village administration, the community, and connected organizations. As a social institution, BUMDes supports the needs of the neighborhood by helping to provide social services. By providing the market with local resources (goods and services), commercial entities attempt

to make money. The cooperative ideal must be consistently highlighted in how it conducts business. BUMDes is constituted as a legal person in accordance with the laws that are relevant to the situation and with the agreements made by the villagers. The modong village head, Mr. AM, the village assistant, SI, the community, SB, and the director of BUMDes Mekar Berkembang, SD, were all interviewed by the researcher.

In the efforts made by Mekar Berkembang BUMDes, namely providing capital loans to the people of Modong Village and also providing aisles/iron tents for people who need them, in this case for events or celebrations, as stated by Mr. AN:

"We provide capital to the community so that the community can continue their business with the savings and loan program, but there are still many people who find it difficult to return the capital given to them so that the savings and loan business in the Mekar Berkembang BUMDes program is still difficult to develop (Interview with Mr. AE, January 20, 2023)".

Based on the interview above, it can be seen that the efforts made by Mekar Berkembang BUMDes in the savings and loan program are still challenging to develop; this can be seen from the payment process for the savings and loan program. A small part of the community still needs help to cooperate in launching the BUMDes program, so the management feels choked up and finds it difficult to continue the program. So that the government hopes that this program can be carried out professionally so that the government can also realize people's welfare.

This was also reinforced by the statement from the Modong Village assistant as follows:

"BUMDes Mekar Berkembang is developing its company by giving Modong Village residents with business capital, savings, and loans. It's just that many people still think the loan given to them is a budget from village funds, so they don't think about returning the capital provided by BUMDes Mekar Berkembang, which makes the business development process from BUMDes difficult (Mr. SI, January 27, 2023)".

Before giving savings and loans, the community is first given a simulation or understanding regarding the savings and loans program, which will run for some time to avoid unwanted things, such as delayed payments. And the community is asked to try professionally to seek compensation on time at a predetermined time so that this program can last a long time and develop properly.

Based on the interviews above, it can be concluded that some people still need to learn what BUMDes are or the lack of human resources regarding BUMDes; this is also because the interest on loans given to the community is too high.

This is according to Mr. AM, the Head of Modong Village, who claimed the following:

"the loan and interest system implemented by the BUMDes is considered quite burdensome for some people. He stated that the interest rate on the loans offered reached 25%, so that some people could not pay off the interest on the loans they took from BUMDes (Mr. AM, February 20, 2023)".

Based on the interviews above, it can also be concluded that the community's expectations for BUMDes managers by reducing interest on savings and loans are for the convenience of the community.

This is following what was stated by Mrs. SB as the community as follows:

" BUMDes managers must be disciplined, such as when payment is due, BUMDes management must bill customers so that customers remember the time of payment and take care that the interest can be reduced (Mrs. SB, January 20, 2023)".

Based on the interview results above, it can be concluded that the efforts carried out by BUMDes Mekar Berkembang still have obstacles, such as a lack of outreach to the community regarding BUMDes and the interest on savings and loans being too high.

The researcher's observations of the BUMDes implementation in Modong Village reveal a positive collaboration between BUMDes managers and the village government. This collaboration takes the form of allocating village budgets for business programs, despite the limited amount. The successful outcome of this well-executed collaboration can be seen through the effective operation of the savings and loan business at BUMDes, with customers adhering to the established terms and conditions. However, there are still individuals who can further optimize the utilization of the capital provided by BUMDes managers. Therefore, the cooperation of all stakeholders is crucial to foster the development and prosperity of the Modong community through BUMDes.

2. Accountable

Technical and administrative accountability is essential for all business activities. The establishment and management of Village Owned Enterprises (BUMDes) exemplify the responsible management of the village's productive economy. Thus, it is crucial to

implement serious efforts to ensure the effective, efficient, professional, independent, and responsible functioning of these business entities. The primary goal of BUMDes is to fulfill the community's needs, both productive and consumptive, by providing goods, services, and distribution managed collectively by the community and the village government. To prevent burdening the community, it is important to strive towards meeting these needs while considering that BUMDes will play a pivotal role in driving the village economy. Furthermore, BUMDes should be able to offer services to non-members from outside the village, setting prices and services that align with market standards. To achieve this, it is imperative to establish agreed-upon institutional mechanisms and rules to prevent economic distortions caused by BUMDes operations in the village.

Mr. SR's results related to decisions or policies that involve community participation are as follows:

"So far, my serenity participation is still lacking in cooperation with the village government and BUMDes administrators. On the other hand, community participation in the savings and loan program is more attractive because many people feel helped by the program (Mr. SR, 23 January 2023)."

The government's role in national development is dominant in the development process. The part highlighted is that of a stabilizer, innovator, modernizer, pioneer, and executor of a particular development activity.

This is following what was stated by the Modong Village Facilitator (initials) regarding decisions or policies that involve community participation, namely:

" In accordance with regulations, it is imperative to ensure inclusive involvement in every initiative and decision-making process. This entails seeking consultation with BUMDes members, the BPD (Village Consultative Board), the village head, and, most importantly, the community itself. The input and participation of these stakeholders are crucial to ensure that all perspectives are considered and to foster a sense of ownership and collective responsibility. By engaging with the relevant parties, BUMDes can make informed decisions and implement effective strategies that benefit the community as a whole. This collaborative approach promotes transparency, accountability, and the overall success of BUMDes initiatives. 27, 2023)".

BUMDes is a village business institution managed by the community and village government to strengthen the village economy and is formed based on the needs and potential of the village. The interview above shows that the process of its business activities always involves the community and other village officials.

The results of the author's interview with Mrs. SB regarding the influence of BUMDes on the economy are as follows:

"Alhamdulillah, since I joined this BUMDes, I feel very helped. Because BUMDes provides capital loans to the community to manage and develop their business. Because initially had problems with capital, so I was hampered from adding to my selling stock (Mrs. SB, January 20, 2023)".

In general, the condition of the people in Modong village is still classified as lower middle class, so many people still need assistance from this program. So collaboration or cooperation between the government and the community is required to realize economic independence.

Together with that, this opinion is supported by a statement from the Secretary of the Village of Modong:

"The work process of the village under management is quite good if, according to reports, the modes management officials have carried out their duties according to their duties. So, in general, everything is good in performance (Mr. ID, 23 January 2023)".

Based on the results of interviews that have been conducted with several informants, my observations in the field show that the presence of BUMDes during the community's economic turmoil has helped the development of their businesses, especially in the savings and loan program, so in the future, the community is expected to be able to work together and synergize with the government. And BUMDes managers in developing the businesses they manage to achieve the initial goal of establishing BUMDes to create a more independent society.

The village government plays a crucial role in acting as a catalyst for development by actively supporting and empowering BUMDes as an institution responsible for managing the village economy. This is evident through the government's commitment to providing necessary resources and assistance to BUMDes. By entrusting the task of improving the community's economy to BUMDes, the village government is effectively implementing its development plans and strategies. This collaboration between the village government and

BUMDes highlights a coordinated effort to deliver essential services and initiatives aimed at uplifting the local economy.

From the results of the researcher's point of view, accountability from the BUMDes manager to the village government can be proven by administrative reports that are routinely reported once a year, while responsibility is in another form, namely the application of business forms in the form of savings and loans and the provision of iron tents or aisles.

3. Sustainable

The development and sustainability of business activities within the BUMDes framework are essential for the community. BUMDes was established with the explicit objective of empowering the local economy. This objective can be achieved by catering to the productive business needs of rural populations experiencing poverty, reducing debt dependency, promoting equal business opportunities, and enhancing the income of rural communities. Additionally, it is crucial for BUMDes to educate the public on the importance of saving, as this will foster independent and sustainable economic growth within rural communities.

Implementing the Village Fund Allocation (ADD) further empowers the village economy through BUMDes. This support comes in the form of increased village budget funds, providing sufficient capital for the establishment of BUMDes. When these factors align, there will be a rise in village revenue, which can be utilized for community development initiatives. Based on the aforementioned points, it can be concluded that the key to strengthening the village economy lies in fostering cooperation and unity among all levels of society. This unity acts as a driving force, propelling efforts to alleviate poverty, reduce unemployment, and create greater market access.

Following are the results of the author's interview with the SD Mr. regarding the business managed at BUMDes Mekar Berkembang, namely as follows:

"business units that have been managed and developed, namely there are two business units in terms of savings and loan lines providing loans to the community, and also providing aisles/iron tents for the needs of the community when there are celebrations, weddings, and other events" (Mr. SD, January 19, 2023).

Communities who join BUMDes are less active in implementing BUMDes programs from the results of observations of functional programs: savings and loans and aisles/iron tents.

The following is the result of an interview conducted by the author with the SD regarding the time the BUMDes business management was carried out, namely as follows:

"In the management of the first Mekar Berkembang BUMDes that we have managed, the savings and loan program has been running since 2017 until now, while the aisle/iron tent program has only been running or operating since 2019 (Mr. SD, January 19, 2023)".

In their daily economic activities, the Modong Village community is farming and trading. In addition, some work as employees. From observations, many people work as farmers and traders, meaning that they divide their time to go to the fields and trade in their daily lives.

The obstacles experienced during the implementation of the BUMDes program put forward by Mr. AM are as follows:

"In the savings and loan business, the return process is sometimes not timely because the community is given ten months. Then in the first and second months, they still made payments on time, but in the following months, they choked up also; the budget managed for two years was only 30 million rupiahs, which was very minimal to manage within two years. The BUMDes management thinks that what they manage is private property in that the human resources are still low; for example, in the savings and loan business, the interest is too high with an interest of 25%. Besides that, the price for aisles/iron tents outside Modong Village is also set. (Mr. AM, February 20, 2023)".

The results observed by researchers included the Modong Village-Owned Enterprise (BUMDes) programs. The economic activities of the surrounding community, community empowerment after joining BUMDes, and the process of implementing the BUMDes program. Based on the interview results above, the role of BUMDes Mekar Berkembang in developing potential and community empowerment, in general, is going well. However, there are still some things that need to be improved. The role of Mekar Berkembang BUMDes in community empowerment and potential is carried out by motivating the community, namely by providing business capital loans, so that the unemployment rate can be controlled.

In addition to the savings and loan program for business capital assistance, Mekar Berkembang BUMDes also provides aisle/iron tent rental services to create new types of businesses and develop them to create jobs. The role of BUMDes Mekar Berkembang in

overcoming unemployment can be carried out, even on a small scale. Regarding the role of Mekar Berkembang BUMDes in community empowerment, especially in involving the community in the growing BUMDes business, it is hoped that this will open up opportunities and create jobs for the community.

From the researcher's point of view, it can be seen that there is great hope from the management of BUMDes, to develop programs that can improve people's welfare because most of the residents of Modong Village work as farmers. So that BUMDes managers hope that the recommended schedule will be implemented in the form of capital assistance in the agricultural sector, for example, service with fertilizers, poisons, and seeds. So that people are easier to reach and have no difficulty finding agrarian materials.

Supporting Factors and Inhibiting Factors The principles of BUMDes management in improving the welfare of the people of Modong Village

Based on the theory and framework above, the supporting factors and inhibiting factors are as follows:

1. Supporting factors

Supporting factors influence, promote, add to, and become more than before. In contrast, the supporting factors are closely related to managing village-owned enterprises to improve people's welfare.

a. Government Commitment

Effective management of BUMDes is crucial for its role in fostering business and economic development in rural communities. A well-managed BUMDes ensures a stable and purposeful village economy, which in turn supports the overall growth of the national economy. The government's commitment to the sustainability of BUMDes is demonstrated through the provision of funds dedicated to its development. This commitment highlights the recognition of BUMDes as a vital institution and signifies the government's support in empowering rural communities and fostering economic growth at the grassroots level. By nurturing and investing in BUMDes, the government acknowledges its potential to drive local economies and contribute to the broader national economic landscape.

Based on an in-depth interview with AM (Head of Modong Village) on February 20, 2023, it was stated that:

"The role of the government in reducing poverty and empowering villages through BUMDes is very high. This is evidenced by the injection of BUMDes funds coming from village funds, district budgets, provincial budgets, and related ministries. The government is very supportive of improving welfare at the village level. In addition to the BUMDes program, the government implements other village-based programs. (Mr. AM, February 20, 2023)".

From the interviews above, it can be seen that BUMDes is a village business formed/founded by the village government where the village government and the community carry out capital ownership and management. BUMDes is expected to stimulate and drive the wheels of the economy in the countryside.

Together with that, this opinion was supported by a statement from the Modong Village Facilitator, Mr. SI stating:

"The government has actively played a significant role in supporting BUMDes by annually providing capital. This crucial financial support enables BUMDes to effectively manage their programs and initiatives. By consistently allocating funds, the government demonstrates its commitment to empowering BUMDes and ensuring their successful operation. The provision of capital reflects the government's recognition of the importance of BUMDes in driving local economic development and promoting sustainable growth in rural communities. This ongoing support from the government strengthens the foundation of BUMDes, enabling them to implement impactful programs and contribute to the overall socio-economic progress of the community (interview with Mr. SI, January 27, 2023)".

The interviews conducted highlight the overall commitment of the government towards BUMDes, although there are areas that still require improvement. The Minister of Home Affairs Regulation Number 39 of 2010 specifically emphasizes the establishment of Village-Owned Enterprises to enhance the financial capabilities of the village government and boost community income through various economic activities within rural communities. This regulation aims to align BUMDes with the specific needs and potentials of each village, ensuring that they contribute effectively to local economic development. While the government's commitment to BUMDes is evident, continuous efforts should be made to address any existing gaps or challenges to further optimize the impact and effectiveness of these village-owned enterprises.

b. Availability of natural resource potential

The Republic of Indonesia's Law Number 6 of 2014 regarding Villages grants villages the autonomy to manage their territories, economies, and societies. This decentralization empowers villages to regulate their territories and enables them to develop their local economies. There are various approaches to foster village economic growth, including leveraging village assets and resources such as land, ponds, springs, and other natural resources. BUMDes, in particular, serves specific objectives outlined in the Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia Number 4 of 2015. This regulation guides the establishment, administration, management, and dissolution of Village-Owned Enterprises.

The presence of this regulation reinforces the efforts to enhance the village economy by optimizing the utilization of village assets and encouraging community entrepreneurship in harnessing the economic potential of the village. BUMDes can also facilitate the development of business collaboration between villages and external parties, establish market networks that support public service needs, create employment opportunities, and improve the welfare of the community by enhancing public services, growth, and equity. The growth of the village economy leads to increased income for the village community and generates revenue for the village itself.

Based on an in-depth interview with Mr. ID on January 23, 2023, stated:

"BUMDes develop business cooperation plans between villages and with third parties, create opportunities and market networks that support the public service needs of residents, and open employment opportunities by utilizing village assets as village potential. The village has original assets such as land, ponds, springs, or other natural resources (Bapak ID, January 23, 2023)".

The interviews conducted reveal that BUMDes is a village-based business initiative established by the village government, with shared ownership and management between the government and the community. BUMDes is seen as a means to activate and propel the rural economy, benefiting from sufficient resources. The aim is for BUMDes to serve as a catalyst for economic growth within rural areas, creating opportunities and generating positive momentum for development. By leveraging the combined efforts and resources of the village government and the community, BUMDes seeks to stimulate and drive economic activities that contribute to the overall progress and well-being of the countryside. Mr. AN (Chairman of the BPD) also stated this on 20 February 2023

"Villages have a lot of natural resource potential, such as water resources that can be utilized optimally because water resources are a potential that can be managed to drive the village economy, expand employment opportunities, and increase village and community income (interview with Mr. AN, 20 February 2023).

According to the above-mentioned interview's findings, using natural resources is one of the key factors in achieving the village's development goals, which include enhancing the welfare of rural communities, enhancing human welfare and quality of life, and reducing poverty, as stated in Law Number 6 of 2014 concerning Villages, Article 78.

2. Inhibiting factors

Inhibiting factors of BUMDES management in improving people's welfare.

a. Budget Factor

The existence of BUMDes in implementing programs and businesses must be balanced with their budget. As a business institution, the presence of business capital is one of the pulses for life and development. The readiness of limited business funds has a level of ability for business managers to experience setbacks.

Based on in-depth interviews with SD as Head of BUMDes, namely:

"The BUMDes programme is still only present in our village in the form of the savings and loan business and the purchase of iron tents and aisles; the budget that we manage is still very small, making it difficult for us to expand into other businesses, so the business that we manage is governed by the budget that we have. (Interview with Mr. SD, 19 January 2023)".

Based on the interview results above, the existence of BUMDes in the budgeting provided by the village government is still minimal, so BUMDes business development is still tiny according to the capital provided.

The same thing from an in-depth interview with AM (Village Head) stated that:

"The village has a budget for running a BUMDes business, but it is still minimal to develop a large business. Therefore, a breakthrough is needed from BUMDes managers in choosing a business that follows the budget they have. (Interview with Mr. AM, 21 January 2023)".

Based on the findings of the aforementioned interviews, it can be said that BUMDes still need to do a better job of administering business programmes in the neighbourhood, especially given their restricted funding. BUMDes have made a substantial contribution to

the community, however it cannot be argued that things are perfect because there is still a disparity in community welfare. This is due to the fact that there are still numerous challenges, such as a lack of funding, general ignorance, and subpar administration and performance of the BUMDes itself.

b. Managerial Human Resource Factors

Village autonomy allows villages to develop villages according to their potential—the existence of BUMDes as an instrument in improving welfare by involving the community in management.

Based on the inhibiting factors above, the following interviews were conducted with Mr. ID as follows:

"BUMDes community involvement is very open, but there are still obstacles in the community, namely that it is still low at managing human resources. We made efforts by conducting socialization regarding BUMDes that support the BUMDes program being managed. (interview with Mr. ID, 23 January 2023)".

This is following what was stated by Mr. SR as the community follows:

"The Village-Owned Enterprise Programme concentrates on the savings and loan business sector, and company development is low due to the amount of human resources and the village's obligation to use the programme to promote community welfare (interview with Mr. SR, 23 January 2023)".

Due to limited human resources and the village's duty to use the initiative to advance community welfare, the Village-Owned Enterprise initiative focuses on the savings and loan business sector, which has low firm development.

DISCUSSION

Based on the data obtained, it is known that the BUMDes Mekar Berkembang program in Modong Village, which involves loans and savings, aims to provide business capital to the community and support their business development. Although this program provides benefits, several obstacles hinder its progress. One of them is the low rate of return on capital, which some people do not take seriously to return the loan because they see it as village funds. High loan interest rates are also a burden for some people, so they have difficulty repaying the loan interest they have taken. BUMDes management must become more disciplined in managing payments and billing customers to overcome this.

The success of this programme also depends on the community's active involvement in its growth (Oktawirani & Hsiao, 2020; Sandi, 2019; Sara et al., 2021). Although there is still room for improvement in the level of collaboration between the village administration and BUMDes administrators, the majority of people see community involvement in the loan and savings programme favourably since it meets their perceived need for help. It is required to take actions including evaluating loan interest regulations, enhancing cooperation with the village administration, and maximising community involvement in order to enhance the functioning of Mekar Berkembang BUMDes. By offering savings and loan programmes, Mekar Berkembang BUMDes is intended to be more successful in enhancing the welfare of the residents of Modong Village.

The principle of BUMDes (Badan Usaha Milik Desa) management plays a vital role in improving the welfare of the people in Modong Village. BUMDes, as a village-owned enterprise, focuses on enhancing the local economy and the well-being of its residents. This discussion will delve into the principles of BUMDes management, the supporting factors, the inhibiting factors, and relevant previous research findings. First and foremost, one of the key principles of BUMDes management is community participation. Active involvement of the Modong Village community in decision-making and operational aspects ensures that BUMDes activities align with their needs and aspirations. Research by Laksana et al., (2023) found that BUMDes that prioritized community participation had higher success rates in improving local welfare, as it created a sense of ownership and empowerment among the villagers.

Secondly, transparent and accountable governance is crucial for effective BUMDes management. Establishing proper financial management systems, conducting regular audits, and ensuring transparency in decision-making processes are essential factors. A study conducted by Sirait & Sinaga, (2020) revealed that BUMDes with transparent governance practices experienced higher levels of trust from the community, leading to increased participation and overall welfare improvement. Access to resources and funding is another supporting factor for BUMDes management. The availability of financial resources, such as government grants, loans, and community investments, plays a significant role in the success of BUMDes initiatives. Research conducted by Oktawirani & Hsiao, (2020) demonstrated that BUMDes with secure funding sources had a greater capacity to implement projects and programs that directly impacted the welfare of the community.

On the other hand, several inhibiting factors can hamper the effective implementation of BUMDes management principles. Limited human resources and expertise within the village community can pose challenges. Lack of professional skills in areas such as business management, marketing, and financial planning may hinder the successful operation of BUMDes. To address this, capacity-building programs, training, and knowledge-sharing initiatives can be implemented. Previous studies by Utami et al., (2022) emphasized the importance of providing training opportunities for BUMDes members to enhance their management skills and improve the outcomes.

Furthermore, external factors such as market conditions, infrastructure limitations, and government policies can impact the success of BUMDes in improving welfare. Limited market access and inadequate transportation infrastructure can restrict the growth and market reach of BUMDes enterprises. Moreover, inconsistent government policies and regulations may create uncertainties for BUMDes operations. Research by Darmawan et al., (2022) highlights the need for supportive policies and infrastructure development to foster the growth and sustainability of BUMDes in rural areas.

The principles of BUMDes management, including community participation, transparent governance, and access to resources, are crucial in improving the welfare of Modong Village residents. While supporting factors such as community involvement, transparent governance, and resource availability contribute to the success of BUMDes, inhibiting factors like limited human resources and external challenges need to be addressed. Previous research emphasizes the significance of capacity-building programs, supportive policies, and infrastructure development to enhance the effectiveness and impact of BUMDes in promoting community welfare

CONCLUSION

The presence of BUMDes is significant in achieving economic independence in a prosperous village. Through BUMDes, it is hoped that all community institutions can work optimally to create equitable welfare. Research shows that the management of BUMDes in Modong Village, Sidoarjo Regency, can be seen from three aspects: 1) Good cooperation between BUMDes managers and the village government can be seen in the form of village budgets allocated to business programs, although the amount is still limited. 2) Good accountability can be seen in administrative reports routinely carried out every year, as well

as in business forms such as savings and loans and the provision of iron tents or aisles. 3) Business continuity, in general, has been going well because most Modong Village residents are farmers. Therefore, BUMDes managers hope to get capital assistance in the agricultural sector, such as fertilizers, poisons, and seeds, to make it easier for the community to access agrarian materials.

The role of BUMDes in Modong Village in developing potential and empowering the community, in general, has been going well. However, there are still some things that need to be improved. The supporting factor is the government's commitment to overcoming poverty and empowering villages through BUMDes, which is reflected in the allocation of funds from village funds, district budgets, provincial budgets, and related ministries. However, the still limited village budget for developing larger businesses is the inhibiting factor.

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