DYNAMICS GOVERNANCE IN BUMDES MANAGEMENT: STUDY OF BUMDES TUGU KUNING, PACITAN, EAST JAVA

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ABSTRACT

Research on BUMDes management aims to see how the village government implements village management policies for community economic activities, this article can be used to study village management governance through the several stakeholders involved. The study used is a concept in collaborative governance to identify the challenges faced in managing the economic activities of rural communities, so that they can provide some suggestions for strengthening the village economic sector. The research method chosen in this research is a case study qualitative research method, with primary data sources from informants of governance actors at BUMDes Tugu Kuning. The study shows how the role of government actors in carrying out village economic activities. The results of the study show that the role of the Director of BUMDes Tugu Kuning dominates in the process of managing the village economy accompanied by the formation of new business units. As a result, the community is less involved and involved in the BUMDes institutional structure which is dominated by the BUMDes Director.

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INTRODUCTION

Village management focuses on development which aims to improve the welfare of people’s lives through village development. Until the enactment of Law 6/2014, the village underwent a paradigm shift which was previously a fragment of a Regional Government regulation based on Law 32/2004, now it is becoming very autonomous with the existence of Law 6/2014. This law indirectly makes villages the subject of development, which means that villages can gain authority in terms of funding sources, creating a function of government control over village communities.

In its development, the Village Law has attracted attention, especially in the management of village funds and the formation of Village-Owned Enterprises (BUMDES). The two are interconnected where currently BUMDES has the main function of managing and developing the village. Villages can become more developed with funds sourced from the APBN or commonly referred to as APBDES which is a product and mandate from the Village Law through the government to make villages a subject of development. Apart from development, villages need a community-based system that needs to be developed to improve politically, socially, culturally and economically. There are still many villages in Indonesia that are categorized as underdeveloped villages, out of a total of 74,093 villages, a total of 32 thousand villages are still underdeveloped. (Astuti & Yulianto, 2016). This proves that in terms of autonomy, there are still many village administrations that have not run well. So that the principle of village independence needs to be mobilized so that the economic activities of the village community can be lifted and the village’s potential can be utilized by the community.

BUMDes is an institution established by the village government that functions to improve the village economy by involving the community as its members. BUMDes also has the goal of encouraging community participation in managing and utilizing village resources independently (Fatonie, 2020; Suhartono et al., 2020). This institution was formed as a place to develop opportunities and resources for the economy in an integrated and sustainable manner. In keeping with the times and the needs of the village community, BUMDes have also experienced changes and developments. One form of BUMDes development is through coaching and mentoring programs carried out by local governments and other institutions. These coaching and mentoring programs have the objective of providing support and technical assistance to BUMDes so that they can develop their businesses and improve their performance. In the coaching and mentoring program, BUMDes will be assisted in terms of business planning, financial management, marketing and product development.

In Law 6/2014 it is emphasized that BUMDes must be engaged in the field of economic empowerment of rural communities. BUMDes are expected to increase the income and welfare of the community through business development based on village potential and resources. In addition, Article 101 paragraph (2) of the Village Law also reiterates that the village government is obliged to provide support and facilities to BUMDes in the context of business development and performance improvement. Village government must provide access and resources needed by BUMDes to develop businesses, such as access to capital, markets, technology and training.

In today’s modern era, collaboration is not uncommon, governments, communities and the private sector are often involved in joint programs or projects to solve problems and achieve common goals. However, effective collaboration is not easy. There are many challenges and obstacles that must be faced, such as the problem of information disclosure, lack of trust, different interests, and complex political forces. (Silvia, 2011). Law Number 23 of 2014 concerning Regional Government states that collaborative governance at the regional level needs to be improved in order to strengthen the synergy between regional governments and communities in resource management and regional development. Apart from that, Law/6/2014 concerning Villages also recognizes the importance of collaborative governance in village management and development. This law provides an important role for village communities in the decision-making process and implementation of village development through the mechanism of village meetings and the Village Consultative Body (BPD). (Agustine, 2020; Febrian, 2016).

In practice, collaborative governance also occurs at the local and regional levels, such as cooperation between local governments and non-governmental organizations, the business
world, and other institutions in the development of economic and social sectors. Collaborative governance also occurs in the form of community empowerment programs carried out by institutions such as UNDP and USAID in Indonesia. These programs aim to increase community participation in development processes and decision-making. Overall, collaborative governance is an important concept in the management and development of the public in Indonesia. This concept strengthens community participation and involvement in the decision-making process and implementation of development, and encourages synergies between the government and the community in achieving sustainable development goals. Efforts to improve and increase the capacity of stakeholders in carrying out collaborative governance processes need to be continued in order to achieve more effective and efficient results (Clarke, 2017; Keyim, 2018; Wijaya & Sari, 2020).

More specifically with regard to governance actors and sources of BUMDes management initiatives, there are important roles of actors in the collaboration process, namely the government, the community, and the private sector. The three actors are often involved in joint programs or projects to solve problems and achieve common goals. But effective collaboration is not easy. There are many challenges and obstacles that must be faced, such as the problem of information disclosure, lack of trust, different interests, and complex political forces.

**Figure 1. Types of Collaboration in BUMDes Management**

The five collaboration processes in figure one give birth to the BUMDes management type. First, inclusive and participatory is a decision-making process that must be recognized and valued as an equal partner. Second, focus on solutions is a principle that refers to the focus and solutions of the problems encountered. Third, flexibility and sustainability are decision-making processes in the long term in order to adapt to the needs and changes that occur. Fourth, capacity building where the community and other stakeholders are given the opportunity to increase their capacity and knowledge in making decisions and solving problems. Fifth, transparency and accountability are principles that refer to information disclosure and clear accountability between the various parties involved in the collaborative process.

The discussion regarding BUMDes itself has several main pillars that are used to measure the success of BUMDes, including social pillars, economic pillars, political pillars, and legal pillars. This article originates from and focuses on the results of research on the political pillar, which looks at how the roles of governance actors are involved and build relationships with the community in BUMDes management. So the topic of discussion regarding collaborative governance is very much in line with the scope of topics from governance scholarship and public policy. The combination of the process of collaboration between these actors makes the sources of initiative in the management of BUMDes, reduced to types of collaboration in BUMDes management.

However, in its implementation, BUMDes still faces various obstacles and challenges, including a lack of skills and knowledge in business management, limited capital and human resources, and limited access to markets and technology. (Ar et al., 2021; Munir et al., 2020; Sutriadi, 2018). Therefore, more support and attention is needed from the government, community, and related institutions to strengthen the role of BUMDes as the driving force for village development. This support and attention can be in the form of capital assistance, training and support, as well as promotion of village products and potential. In the context of sustainable village development, BUMDes must also pay attention to environmental and social aspects. BUMDes must develop businesses that are environmentally friendly and sustainable so as not to damage the environment and maintain existing natural resources.

The number of BUMDes in Indonesia continues to experience development, from the latest data released by the Ministry of Villages, Development of Disadvantaged Regions and Transmigration in October 2021, showing that the number of BUMDes registered throughout
Indonesia has reached 89,000 units (Arie et al., 2022). From this number, it is dominated by Java with a total of 3,000 BUMDes. This has a positive side in village development, but on the other hand it raises facts that need to be considered, namely that there are still many BUMDes in Indonesia that are inactive or in suspended animation. (Agfianto et al., 2019; Rohim et al., 2022).

Furthermore, in various other regions the phenomenon of BUMDes management has emerged which has become a pilot village for BUMDes management. From the data collected by the government regarding the successful management of BUMDes, we can find BUMDes with good management through competitions held by the Ministry of Villages and National Transmigration. Finally, in October 2020 the Provincial Government of East Java gave awards to BUMDes which were considered good in terms of management, namely BUMDes Ketapanrame from Mojokerto as first place, BUMDes Binor Energi from Probolinggo Regency as second place, and BUMDes Delta Mulia from Pamekasan Regency as third place. In terms of management, BUMDes are indeed at a dead end in the form of challenges ranging from technical aspects to limited human resources (Badaruddin et al., 2017; Saputra et al., 2019; Syapsan, 2020).

From several literature searches, there have been several studies of the best BUMDes management objects, but these articles generally only see the best BUMDes management as an object of analysis. (Fatimah et al., 2021; Filya, 2018; Prustiwi & Ulfah, 2022; Salman et al., 2022; Savitri et al., 2022). In addition, generally research publications look at BUMDes from the aspect of successful establishment, while management aspects that affect village progress have not been carried out. So the presence of the Tugu Kuning BUMDes has the opportunity to become a good practice regarding the success of BUMDes in contributing to village income and of course benefiting villagers, especially in Dadapan Village, Pacitan Regency, East Java.

RESEARCH METHODS

This research is a type of qualitative research with a collective case study approach. Collective case study is a type of research that aims to understand a complex phenomenon or event in a broader context and is used to see a general characteristic (Bartlett & Vavrus, 2016; Bobst et al., 2015). The object of study in this study is the practice of managing BUMDes at BUMDes Tugu Kuning, Dadapan Village, Pacitan Regency, East Java which has developed from 2019. The East Java Provincial Government through the Community and Regional Empowerment Services respectively, carries out the development and management of BUMDes from all districts/cities every year, to then be determined as an advanced and independent village. As a note, the assessment of developed and independent villages is not always accessible to the public. Therefore, this study chose BUMDes Tugu Kuning which had experienced suspended animation before 2019.

Through qualitative research, this research emphasizes the involvement of researchers in field research. In field research, research data collection was used to examine the dynamics of BUMDes management as seen from the relationship between the governance actors involved and the current conditions of BUMDes. The data collection process was carried out through in-depth interviews with informants including Village DPMD representatives in Pacitan Regency, Village Heads, BPD Chairpersons, BUMDes Directors, and the community involved in BUMDes implementation. Not only in-depth interviews, researchers also collect and compile data through various documents such as village monographs, BUMDes profiles, Village Regulations, and other documents relevant to the purpose of this study. The analysis process in this study was carried out by interactive analysis, carried out when the researcher collected data until the data was collected. The stages of data analysis include collection, reduction, presentation, and drawing conclusions that are presented descriptively.

RESULT AND DISCUSSION

Participatory Development of BUMDes

The relationships and roles between governance actors in BUMDes management practices rely on three groups of actors namely the government, the private sector and civil society groups. All three have an important role in managing not only individually, but also whether the three governance actors substantially contribute adequately in the same or equivalent relationship. In order to see the roles and relations between the three governance actors, the Tugu Kuning BUMDes management practices in this study are seen
through several aspects including participatory, focused on solutions, sustainability, capacity building, transparency, and accountability.

Initially, BUMDes Tugu Kuning was formed on December 27 2017 as a mandate from Law/32/2014 concerning regional autonomy and Law/6/2014 concerning Villages. Before the BUMDes was founded, in Dadapan Village since 2022 there has been a Tourism Awareness Group (Pokdarwis). The existence of Pokdarwis itself has experienced ups and downs and is still developing relatively, because of its existence which is suitable for managing village assets, especially in the tourism sector. It was this Pokdarwis that was initially acquired and has become the main driver of BUMDes since 2017.

Community involvement in many aspects related to the development and management of a business institution can be adapted from the behavior of the community at the local level itself. Community participation is synonymous with customary values and a culture of behavior to be able to manage BUMDes business institutions. The involvement of social values in the community can be raised to achieve common goals through aspects consisting of mutual cooperation, deliberations, and joint implementation especially in overcoming economic problems that exist in Dadapan Village. By using social capital that develops in the community, it can be an important point within BUMDes in jointly managing a business area through several business units.

Table 1. BUMDes Initial Business Capital

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>Year</th>
<th>Initial capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism Unit</td>
<td>2017</td>
<td>Pokdarwis, which has existed since 2015 and is quite developed, is determined to be the first business unit engaged in the tourism sector at BUMDes Tugu Kuning</td>
</tr>
<tr>
<td>Financial Services Unit</td>
<td>2017</td>
<td>The savings and loan unit which was originally named KSP or savings and loan cooperative which was originally managed by the Village Government, is now a Banking business unit that works with BUMN, namely Bank BNI</td>
</tr>
</tbody>
</table>

Source: Processed by researchers, 2023

BUMDes began to be managed after Perdes No. 8 of 2017 concerning the formation of BUMDes in Tugu Kuning Village. So on this basis, the Tugu Kuning BUMDes began to involve the community and raise social values in society. BUMDes management is entirely based on participation and social values that develop in society. The existence of participation and social values must be clarified to what extent and the capacity of the community's authority within the BUMDes itself. Therefore, in addition to the social values raised, community involvement in the management and implementation of these institutions must be known further so that their social and economic goals can be clearly seen in the community.

Broadly speaking, the governance actors involved in the management of BUMDes are initiated by the supra-village government, especially the government in Tulungagung Regency. The obligation to establish BUMDes was initiated by the DPMD by recruiting BUMDes assistants and also by involving the village community in managing the business unit. One assistant is responsible for assisting the business units in the BUMDes. Based on the elaboration above, the management of BUMDes in Dadapan Village is a combination of a series of national policies and encouragement from the district government, which is then overseen by the village government through holding Village Deliberations (musdes). The encouragement from the district government is also not limited to facilitating the establishment by the DPMD as well as the capital. In the case of the Tugu Kuning BUMDes in Dadapan Village, Tulungagung, the establishment initiative pushed by the Tulungagung Regency
Government was also accompanied by the provision of initial funding for the establishment of BUMDes of 50 million. On the basis of the supra-village government, the village government welcomed the reaction. By holding village meetings in accordance with village laws and regulations in discussing BUMDes AD/ART and the management of BUMDes itself. The appointment of the BUMDes director is carried out and is based on a decision from the village head and not from a democratic election.

Participation can be analyzed through community involvement in various aspects related to the development and management of a business area at the local level. Social values become a habit and culture of community behavior in a participatory aspect to achieve a goal, especially creating social entrepreneurship in managed BUMDes business institutions.

The involvement of social values in the community can be raised to achieve participatory aspects which are managed through mutual cooperation, deliberations, and joint implementation which are the main ones to overcome the economic problems that occur in Dadapan Village. Social capital that has developed in the community such as mutual cooperation and deliberation is an important indicator that is considered by the Village Government and BUMDes in jointly starting a business institution in which there are several business units.

**Dynamics Governance**

Governance in village governance refers to good and effective governance practices in managing village resources and communities to achieve village development goals. BUMDes is an economic institution owned by the village and managed by the village community. Governance dynamics in BUMDes management is very important to ensure BUMDes can run effectively and efficiently by involving community participation, transparency and accountability, risk management, and good leadership in BUMDes management. In the dynamics of BUMDes governance, the role of the Village Government and the community is also very important in providing technical support and other resources needed by BUMDes to achieve its economic goals. The village government and village community also play a role in supervising and providing direction to BUMDes to carry out their activities properly and effectively.

The District Government and the Ministry of Disadvantaged Villages and Transmigration have a significant role in providing direction and regulating the course of BUMDes activities. The village government has a dominant role in managing capital and establishment initiatives. In its management, BUMDes receive support from the village government and the BUMDes Director who has a management role in carrying out community economic activities.

Collaboration between the Village Government and the District Government is well established in BUMDes management practices. The District Government provides assistance in capacity building in the form of training shown to BUMDes administrators and some communities. Since 2017, training in Dadapan Village has been carried out almost every month by the DPMD together with the district government, generally related to administrative and entrepreneurial matters.

Various training activities that have been carried out by the village government, both administratively and entrepreneurially, are always evaluative training. In carrying out the training, the Ministry of Villages has several assistant staff stationed at the district level and focusing on PED (village economic development) as well as experts in technology. The presence of assistant staff shows that the village government together with the central government have good collaboration to create an adequate village development climate so as to form a collaboration network in managing village economic activities.

BUMDes Tugu Kuning, which manages and develops business units under the leadership of the director, requires the ability to have a positive impact on people's lives in Dadapan Village, in particular. BUMDes management is heavily influenced by policies and decisions taken based on the initiative of the director. In more detail, the initiative carried out by the BUMDes director is divided into three types of new business units that work with third parties. The new business unit is engaged in the tourism attraction sector, tourism model, and socio-culture in the form of innovation implemented based on the initiative of the BUMDes director.
Table 2. Innovation of the Dadapan Village Tourism Unit

<table>
<thead>
<tr>
<th>No.</th>
<th>Type</th>
<th>Bussines Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sights and tourist attractions</td>
<td>• Sentono Gentong</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Dadapan Garden</td>
</tr>
<tr>
<td>2.</td>
<td>Accommodation and Travel</td>
<td>• Tour Guide</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Shuttle Car</td>
</tr>
<tr>
<td>3.</td>
<td>Art and culture</td>
<td>• Kotekan Lesung</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Reog</td>
</tr>
</tbody>
</table>

Source: Tugu Kuning BUMDes document, 2022

The existence of new business units managed by BUMDes is in accordance with what is mandated in the Dadapan Village Regulation Number 8 of 2017, that new business activities are formed in efforts and innovative activities in the economic sector and public service. The new business unit that focuses on the village tourism sector is expected to be able to produce MSME innovations and products that can later be marketed. In practice, the products and services that are managed through this tourism unit are still underdeveloped, so that in this aspect of innovation it is still underdeveloped fortunately for the emergence of new ideas.

The first type of business unit that has just been developed focuses on tourism activities, namely Sentono Genthong and Dadapan Garden in the table is a natural tourism that offers beautiful and captivating views and in its management BUMDes adds a new tourist attraction, namely paragliding. Dadapan garden is also a new tour managed by BUMDes, where visitors can enjoy culinary offerings while enjoying contemporary photo spots. Second, the existence of a tourist attraction automatically empowers the community to take part in managing village tourism by becoming tour guides and providing shuttle cars to accommodate tourist visitors. Third, it is no less important that innovation also occurs in the socio-cultural field by promoting the original arts of Dadapan Village, namely Kotekan Lesung and Reog which can become tourist attractions for visitors to Dadapan Village.

The dominant role of the BUMDes director directly impacts BUMDes' dependence on its director in carrying out community economic activities. For example, before 2017, the Tugu Kuning BUMDes management of village economic activities was not running, the director's inactivity had implications for the cessation of BUMDes management. So that in Dadapan Village, BUMDes Tugu Kuning is dependent on the director of the BUMDes management, which greatly influences the management of the village economy.

Table 3. Impact of Labor Absorption

<table>
<thead>
<tr>
<th>Bussines Unit</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Manager</td>
</tr>
<tr>
<td>Tourism Business Unit</td>
<td>15 People</td>
</tr>
<tr>
<td>Financial Services Business Unit</td>
<td>5 People</td>
</tr>
<tr>
<td>Amount</td>
<td>20 People</td>
</tr>
</tbody>
</table>

Source: Tugu Kuning BUMDes document, 2022

Several challenges were faced by BUMDes, for example it was found that community involvement in economic activities managed directly by BUMDes was very minimal. The difficulties experienced by the Tugu Kuning BUMDes, where people tend to think that entrepreneurial activities can be carried out alone without the need for assistance from the BUMDes, so that businesses run by the community run stagnant and do not develop. The number of people involved in economic activities accommodated by BUMDes is still very minimal, as shown in the table. So that the BUMDes director has the challenge of being able to change the mindset of the community to be involved in managing the economy through businesses that are accommodated by BUMDes.

Regarding the roles and relationships between the three main actors in collaborative governance, the involvement of villagers in BUMDes management is still not optimal. Because in practice, from the start the initiative to establish BUMDes in Dadapan Village was
very much dominated by two actors, namely the BUMDes director and the Village Government and little involvement of civil society groups. However, in the practice of managing BUMDes there is the involvement of two main actors of governance, namely the government and the private sector through the cooperation of third parties.

Success in managing village governance needs to involve the role of village government, the private sector, and the community in collaborative governance (Febrian, 2016; Sofyan et al., 2022). With regard to the community, in general in Dadapan Village the participation and participation of villagers in organizing themselves to be directly involved in the organizational structure of BUMDes tends to be low and weak. Village communities cannot transform to become and be involved in organizations that apply the values of participation in the village governance structure. This happened in Dadapan Village, Tulungagung, on the one hand BUMDes had taken the initiative to mobilize the community, but the community seemed less directly involved in being present in BUMDes management. On the other hand, the community itself tends to be non-active, considering that the movement of economic activities in the village is very dependent on the BUMDes director, so that the economic programs and policies that are implemented are still lacking.

**CONCLUSION**

In this research on BUMDes, there are two important things which show that the management of village economic activities has involved the active role of governance actors, namely the Village Government, District Government, Ministry of Village PDTT, and the private sector. Collaboration between governance actors can be seen in the practice of managing BUMDes, which can be seen from the role of the District Government in providing assistance in capacity building through training shown to BUMDes administrators and some of the community.

The BUMDes director has a dominant role in carrying out village economic activities, while village communities are not adequately involved in the management practices of the BUMDes institutional structure. This has an impact on the lack of innovation in managing new business units for BUMDes, business units are only dominated by tourist attractions.

Village governance should emphasize networking between village actors and village communities, which should be the subject of developing economic activities that have not really worked. In general, whether or not the management of the Tugu Kuning BUMDes really refers to the role of the community so that the ultimate goal is to improve the economy of Dadapan Village, Pacitan, East Java.

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