

The exploratory study on performance of Village-Owned Enterprises (BUMDes) in Small Regency Bengkulu

Dri Asmawanti¹, Vika Fitranita², Ratu Eva Febriani³

Department of Accounting, Universitas Bengkulu, Bengkulu, Indonesia

*Corresponding author email: driasmawantis@unib.ac.id

ARTICLE INFO

ABSTRACT

Article history:

Received 2022-11-26

Accepted 2022-12-20

Published 2022-12-29

Keywords:

BUMDes, building, and performance village index.

DOI:

<https://doi.org/10.20885/jaai.vol26.iss2.art5>

This study aims to examine factors that affect the performance of Village Owned Enterprises (BUMDes) and find out what problems BUMDes have in the Central Bengkulu Regency. This research used stewardship theory and Social Enterprise Theory. Researchers applied descriptive qualitative approach. The research informant was a village device/BUMDes manager. The results of this study showed that most BUMDes have business units and income of at least one million per month. The factors affecting their performance were business type, revenue, and management/ management of organizations. The problem faced by all BUMDes was BUMDes Human Resources (HR), which was not yet capable and competent, as well as knowledge and skills in conducting good financial management and reporting. The development of BUMDes' business unit, BUMDes management, and its ability to manage and account for its performance was the key to the success of BUMDes. Local governments should pay more attention and foster and increase supervision of the performance of BUMDes more intensely. The study used BUMDes performance categorization assessments attributed to the Building Village Index, specifically the Economic Resilience Index.

Introduction

Professional governance is one of the criteria for the proper functioning of Village-Owned Enterprises (BUMDes), which should follow the BUMDes creation standards. As a result, BUMDes' economic activities can help develop the local, village, and regional economies within the context of the national economy (Ridlwani, 2014). Management of village potential and financial management must be adequately accounted for so BUMDes' performance can be substantial (Agunggunanto et al., 2016). However, BUMDes Karivela's performance in Akedotilou Village, Central Oba District, demonstrates that financial management has not been implemented and that the village's potential has not been fully exploited (Madjodjo & Dahlan, 2020). However, a rapid increase in village-owned enterprises was not followed by extensive utilization, and BUMDes do not provide more opportunities for the villager to work (Arifin et al., 2020). But, if each village transforms into a tourist business model, the village can provide a significant multiplier effect on the economy (Tarlani et al., 2022).

Other success factors besides BUMDes management are the scale of the business unit, good managerial skills, social solidarity, and local wisdom (Qosjim, 2017). Another factor is the individual factor, where the work experience, skills, and education of BUMDes managers significantly affect the success of BUMDes' performance (Setiawan, 2021). Otherwise, the business sector managed by BUMDes is not based on the village's superior potential, as well as the lack of a business development concept, weak human resource and capital capacity, and lack of cooperation (Kania et al., 2021).

BUMDes can also open new job opportunities for human resources in the village. BUMDes in running a business unit based on village potential and empowering rural communities may attract the best village human resources to develop the village (Asmuni et al., 2020). BUMDes that have the potential to grow and be sustainable are BUMDes that can optimize the potential of the village or its business and provide public services (such as water management, markets, etc.), businesses needed by the village community/around the village (Kania et al., 2021; Qian et al., 2022). In addition, the strong leadership and vision of the village head (or, in some cases, the head of the BUMDes) will determine how it can develop. However, in its formation, it is still necessary to pay attention to the level of community needs and abilities in managing BUMDes. Sometimes villages cannot handle it. Accelerating the formation of BUMDes without looking at the readiness, needs, and capabilities of the village will only make BUMDes

suspended. Thus, BUMDes does not have relative effort to minimize budget constraints and claim net earnings, while the citizens have little control over the enterprises of BUMDes (Putterman, 1997)

The success of BUMDes is one of the factors considered when evaluating the Developing Village Index, notably the Economic Resilience Index. Including measures of BUMDes performance from the Ministry of Villages, Disadvantaged Regional Governments, and Transmigration can combine their assessment criteria. As a result, BUMDes' effective performance will contribute to a higher Village Index assessment score (Iqbal et al., 2021). Communities are classified into five categories by the Developing Village Index: highly underdeveloped, underdeveloped, developing, advanced, and autonomous villages (Ministry of Village, 2019). The classification into five statuses serves as a reference for policy interventions and a means of determining the status of village development. For example, the level of the disadvantaged village is separated into two categories: Very Disadvantaged Village and Underdeveloped Village. The underlying assumption is that policy affirmations for Very Disadvantaged Villages differ significantly from those for Disadvantaged Villages (Karim, 2019).

The problem faced by BUMDes was the limited capacity of BUMDes managers, the influence of political constellations in the village, low support from the village government, and the selection of businesses that were not based on village potential (Aeni, 2020). In addition, the problems faced are the reliability of human resources, the stock of capital and assets, and there is no support from the Local Government (Akib, 2021; Nurwahidah et al., 2020; Hendriani et al., 2019). Likewise, Saputra (2021) said that the capacity of human resources that was not optimal in managing because there were still unfinished internal problems was a factor that affected the success of BUMDes performance. Besides, the business sector managed by BUMDes is not based on the village's superior potential, the lack of a business development concept, weak human resource and capital capacity, and lack of cooperation (Sofianto & Risandewi, 2021).

This study focused on villages that are both developed and developing. The BUMDes of the area hopes to raise the community's status. The problem was to determine what factors can affect the condition of BUMDes management in Central Bengkulu Regency and identify what issues were faced by BUMDes in Central Bengkulu Regency. Meanwhile, research using the developing village index has never been done before. The urgency of this research must be done because the performance factors of the condition of BUMDes in Central Bengkulu Regency have never been done. So, the solution for developing BUMDes could be carried out properly. The findings targeted in this study are a comprehensive description of BUMDes' performance, especially regarding the condition of BUMDes, which is related to the Economic Resilience Index (IKE) of the Developing Village Index (IDM) and has not been used by other studies. Developing Village Index is Village Progress, and Independence Status is a measure of village classification to determine interventions, both budget and village development policies. This research's contribution is analyzing what factors affect BUMDes performance. This is expected to increase the role of BUMDes in rural economic development by increasing the Village's Original Income and the community's welfare.

Literature Review

Stewardship Theory describes a situation where stewards are not motivated by individual goals but instead set goals in the organization's interests to achieve the desired goals or targets (Donaldson & Davis, 1991). This theory also illustrates that stewards will behave following common interests. Suppose the interests of the stewards are not the same as those of the owners. In that case, the stewards will prefer to cooperate rather than oppose them because they feel the common interests and behaving under the owner's behavior is a rational consideration because the stewards look more at efforts to achieve organizational goals (Kumar & Sivaramakrishnan, 2008). Stewardship theory is used in this study rather than agency theory because it better describes the condition of BUMDes managers prioritizing the interests of the organization rather than their interests. Thus, the manager always devotes himself to his village, BUMDes, and the community. Stewards try to improve performance in the organization to produce satisfaction and satisfy most other organizations because they have interests that have been well served by an increase in the prosperity achieved by the organization. This theory is suitable for this study because the BUMDes manager is the steward of the community (principal) who manages all the resources owned by the village. There is an agreement between the steward and the people (principal) regarding trust according to organizational goals. The BUMDes manager manages regional assets managed in the BUMDes organization, increases BUMDes income from village assets, and utilizes natural wealth, a BUMDes product for people's welfare.

Social Enterprise Theory has a social concept that focuses on providing social benefits rather than financial benefits (Peredo & Chrisman, 2006; Peredo & McLean, 2006). The social enterprise concept focuses on providing facilities to social enterprises by involving their social and environmental impacts through the tools provided (Ridley-Duff & Southcombe, 2012). This theory is in harmony with the stewardship theory, where each concept and idea is more concerned with common interests. In this case, BUMDes is a company that acts as a social enterprise organization by providing social benefits to the community.

The Village Development Index and Economic Resilience Index

Development Village Index (IDM) is Village Progress, and Independence Status is a measure of village classification to determine interventions, both budget and village development policies. The criteria is a Composite Index formed based on the Social Resilience Index, the Economic Resilience Index, and the Ecological/Environmental Resilience Index. The indicator set developed in the Developing Village Index was developed based on the concept that to achieve an advanced and independent village, a sustainable development framework is needed in which social, economic, and ecological aspects become forces that complement each other and maintain the potential and ability of the village to prosper village life. Village community development and empowerment policies and activities must produce equity and justice, be based on and strengthen local and cultural values, and be environmentally friendly by managing the potential of natural resources sustainably. In this context, social, economic, and ecological resilience work as a dimension that strengthens the process and achievement of village community development and empowerment goals.

The Developing Village Index captures the development of Village independence based on the implementation of the Village Law with the support of Village Funds and Village Facilitators. The Development Village Index directs the accuracy of policy interventions with the proper correlation of development interventions from the Government by Community participation which correlates with the characteristics of the Village area, namely typology and social capital. The indicators for the Economic Resilience Index consist of the diversity of village community production, the availability of trade service centers, logistics distribution, access to financial and credit institutions, economic institutions, and regional openness. Some of these indicators are related to the role of BUMDes, some of which are accessible to logistics, financial and credit institutions, and village community production. The type of business run by BUMDES can help villages improve village status.

The empowerment program compiled by the government has helped the community to develop economic activities in the village through business activities (Badaruddin et al., 2021). Local government policies should increase community participation and improve human resources, especially BUMDes administrators in organizational management and business marketing (Aritenang, 2021).

Research Method

This study was conducted using a qualitative method with an exploratory, descriptive approach. Exploratory, descriptive research is a research method carried out naturally, producing descriptive data in the form of written or spoken words from the individual and behavior being studied. The case study used in this research is a case study in which multiple case studies examine several cases to understand the similarities and differences between the topics studied (Njie & Asimiran, 2014). This research used case studies to find the core problems faced by Bumdes managers in advancing their business units. The unit of analysis used in this research is the organization. Therefore, the researchers applied this research design to obtain conclusions by looking for similarities or differences in the performance of BUMDes in the Central Bengkulu Regency area. This small city has a reasonably good level of BUMDes development, and several of these BUMDes are located in developing villages. The type of data used in this study uses primary data. Data were obtained by conducting in-depth interviews (interview protocol attached), which were conducted directly with competent parties who knew well about Village-Owned Enterprises. These parties were the Head/Village Apparatus and Director/BUMDes Management from each sub-district that already has the status of Developing IKE. The number of sub-districts that have "*developing*" status is 82 sub-districts. From a total of 82 existing sub-districts, then the BUMDes location selection was carried out using convenience sampling based on the availability of elements and the ease of accessing the area.

Data collection took place through interviews. This research interview uses semi-structured interviews, where this interview involved village heads, BUMDes managers, local communities, or individuals who have other important roles in BUMDes. The model of this research is continuous information digging. The resulting data can be well and to produce saturation data.

This data analysis used an interactive model from Miles & Huberman (1994). This model has four steps. First, data collection was obtained from the interviews, observations, and documentation recorded in forms. The notes are records of what the researcher saw, heard, witnessed, and experienced without any opinions, interpretations, or researchers regarding the phenomena shared. The notice record the impressions, comments, ideas, and interpretations of researchers about the findings and were material for data collection plans for the next stage. Second, Data Reduction is selecting relevant and meaningful data, focusing on data that led to solving problems, discovering meaning or answering research questions by classifying, directing, and removing those that were not important, and organizing data to help conclusions. Third, Data displays was in the form of writing or words, pictures, graphs, and tables to combine information so that it describe the situation that occurred. In this case, the researcher has no difficulties mastering knowledge either as a whole or certain parts of the research results, the researcher must create narratives, matrices, or graphs to facilitate mastery of the information or data. Thus, it remains in control of the data and does not drown in conclusions that can be boring information. Fourth,

conclusion drawing was drawing the meaning of the data displayed to get a good understanding and interpretation. The component of the data analysis model is such as in Figure 1.

The grouping of the results of the interview transcripts was carried out after the coding process and grouped based on the principles of the Economic Resilience Index that have a relationship with BUMDes, including Diversity of production of micro-industry, Main source of income for most villagers, Types of superior products in the village, Increasing agricultural output in the village, Community access to shops, Villager credit facilities, Type of BUMDes business, Revenue obtained by BUMDes in the last year, BUMDes institutional management/management.

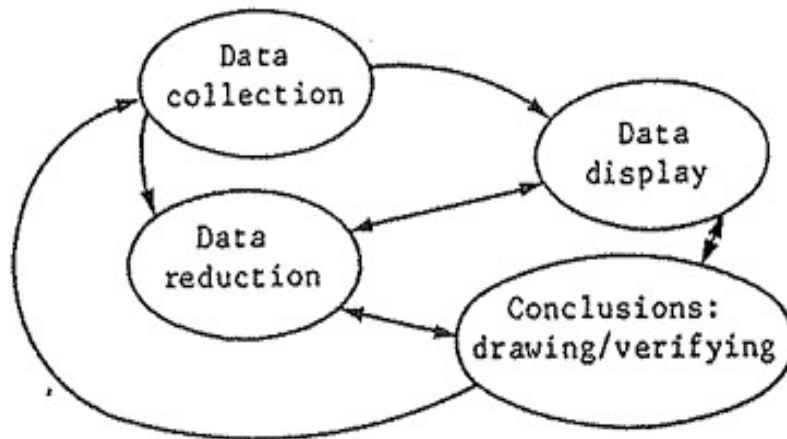


Figure 1. Data Analysis Component: Interactive Model

The study of factors that affect the performance of BUMDes was presented qualitatively. In this study, the data was shown in the form of a narrative text that reviewed the results and information obtained based on the results of the interview transcripts that have been coded. Codification and anonymization of data are carried out to maintain the privacy and security of the informants of this research. There are ten codes used in the Open Coding process, including Organizational Conditions (CO), Production Diversity (PD), Community Income Sources (CIS), Village Superior Products (VSP), access to shops (AS), credit facilities (CF), type of business (TB), revenue (RE), organizational management (OM), and village-owned enterprises issues (EI).

Finally, drawing conclusions and verifying data collection, qualitative research looked for the meaning of each symptom obtained in the field, recorded patterns of explanations and configurations that may be found, and the flow of causal relationships and propositions. Data obtained in the field requires special treatment. Therefore, each piece of data needed to be recorded, separated, presented, and made conclusions from the data obtained through observation, interviews, and documentation.

Result and Discussion

Central Bengkulu Regency has eleven sub-districts that are widely spread, including Talang Empat, Bang Haji, Pematang Tiga, Pondok Kelapa, Semidang Lagan, Pondok Kubang, Pagar Jati, Taba Penanjung, Merigi Kelintang, Merigi Sakti and Karang Tinggi. Some of the sub-districts selected as sources of information in this study were five: Pondok Kelapa, Pondok Kubang, Pagar Jati, Taba Penanjung, and Karang Tinggi. Other sub-districts that were not selected were Bang Haji, Pematang Tiga, Semidang Lagan, Merigi Kelintang, and Merigi Sakti. Some of the reasons these sub-districts were not chosen were because the villages in these sub-districts still had an underdeveloped status. According Kemendes, PDT and Transmigration in 2019, villages with IDM status as Advanced Villages have a score range of 0.7072 – 0.8155 while developing village scores are 0.5999 – 0.7072. Ten informants were presentable to collect informants for the research. The positions of the informants were quite varied, namely those who served as Village Chief, Village Official, Director of BUMDes, Treasurer of BUMDes, and BUMDes official. Some of the reasons BUMDes informants could not be found were due to many other activities. The list of informants was as seen in Table 1.

The role of BUMDes in a village has a significant role in supporting the development status of the village, primarily when referring to the scoring carried out by the Ministry of Villages, Development of Disadvantaged Regions and Transmigration, which uses the Village Build Index. Three categories serve as indicators for assessing the index: the Economic Resilience Index, the Social Resilience Index, and the Environmental Resilience Index. The Economic Resilience Index has a critical role in supporting the status of the Village.

Table 1. List of Informants

No	Village	Position	Sub-district	IDM Status
1.	Kembang Seri	Village Official	Talang Empat	Developed
2.	Nakau	Director of BUMDes		Developing
3.	Dusun Baru II	The village Chief	Karang Tinggi	Developing
4.	Karang Tinggi	Treasurer BUMDes		Developing
5.	Lubuk Sini	Director of BUMDes	Taba Penanjung	Developing
6.	Bajak I	BUMDes Official		Developing
7.	Padang Betuah	The village Chief	Pondok kelapa	Developed
8.	Sri Kuncoro	The village Chief		Developed
9.	Desa Margo Mulyo	Village Official	Pondok Kubang	Developing
10.	Harapan Makmur	The village Chief		Developed

The existence of BUMDes in a village is an assessment indicator that becomes an essential point in classifying village status. Therefore, based on in-depth interviews that we conducted with all informants, the findings that can be presented can be divided into the following topics:

Village Condition

The description of the condition of the village in this study can be seen from various perspectives, which became essential points in the assessment of the Economic Resilience Index in the Indonesia Building Program. The assessments were:

The condition of SMEs and the diversity of their production since the Covid-19 pandemic hit Indonesia in 2020, many ultra-micro, micro and medium-sized industrial businesses have experienced drastic economic shocks. Even to the point of making several micro industries have to go out of business due to the low daily income they receive. Several SMEs in Central Bengkulu Regency felt a decrease in their production level and income. They were coupled with the enactment of Community Activity Restrictions (PPKM) which require people not to leave their homes and avoid crowds. Thus, it has an impact on the difficulty of the micro-industry to distribute/market their products in more crowded places. As stated by Informant "KT," said:

"The number of micro-industries in this village is not large, and most of them have tried to expand their business, but since this pandemic, their income has decreased significantly".

Meanwhile, "LS" Added:

"Since the pandemic, very few of us have come home with money because most residents cannot freely leave their homes selling their wares."

The Micro Industry in Central Bengkulu Regency is considered very diverse, including in Karang Tinggi village, Bajak I village, Padang Betuah, and Harapan Makmur. As stated by "HM":

"We produce much industrial food here, including kalamansi syrup, tissue box crafts from banana stems, sweet potato crackers, leaf tempeh, and many others."

"SK" informant also added that the micro-industry in his village is also quite diverse:

"Most of the residents produce Potato Chips, Banana Chips, Peyek, Opak and Eel Chips."

Not all villages in Central Bengkulu Regency have micro industries, as in Nakau village, "NK" said:

"People are less creative in creating micro or home-based industrial products, and many don't even know what to produce. They think that most people prefer to shop in the city because the village is close to the capital rather than produce their own."

Main source of income

BUMDes is a profit legal entity with a management based on the principles of family and cooperation, similar to Cooperative Enterprises. BUMDes can raise funds by establishing group business companies (holding) (Ikhwansyah et al., 2020). Laborers and farmers dominate the average income of the community/village in Central Bengkulu Regency. Some work as laborers in rubber, palm oil, mining, construction, and other private companies. During the pandemic, many community members were laid off/laid off from their jobs, considering that many companies were reducing their company's operational costs. For example, experienced by "NK", said:

"...Here, many of us work as construction workers whose work depends on the community's demands. We will only get income if there are more projects in the village or around the Benteng area. If there are no projects, then we have to find other income sources".

The next profession/job that becomes a source of income for Central Bengkulu residents is their work as farmers. The abundance of natural resources in Central Bengkulu Regency makes the people active in exploring their natural potential as farmers. In contrast to Karang Tinggi village, the income sources of the villagers are quite diverse.

“Most of our people work as laborers in oil palm plantations, trade, and do farming.”

Featured products

One way to accelerate rural development is through Village Superior Products and Rural Area Superior Products (Prukades). The existence of BUMDes must support the existence of Prudes and Prukades to provide needs before and after harvest. Technically, the village's superior product must cooperate with BUMDes, Embung Desa, and village sports facilities. The benefits felt through the program are that it can attract investors, reduce production costs, keep prices stable, create job opportunities, and encourage village community participation.

The Village Leading Products in Central Bengkulu Regency are very diverse. Prudes in the village depend on the potential of the area in the area. However, one village was also found that did not yet have a superior product, namely Karang Tinggi. Some of the superior products in Central Bengkulu are vegetables, fruits, rice, palm oil, tourist attractions, processed foods, and even fertilizers. The most popular superior products are vegetables, rice, palm oil, and fruits.

Nakau Village chose the village's superior products in the form of vegetables, namely kale, spinach, and mustard greens. People assume that such daily food is always sought after by others and becomes one of the healthiest complementary foods. In contrast to the village of Kembang Seri, the superior product chosen is Serudeng Eel. It is because the agricultural potential is currently slightly reduced. Whereas in Dusun Baru II Village, the superior products developed are rice and palm oil. It is because the community thinks that rice and oil palm agriculture is not affected by the pandemic but is influenced by the planting period and weather. As for the superior product in Sri Kuncoro village, the flagship product planned is Jackfruit. As stated by SK:

“We have planned the village's superior product since 2.5 years ago—Jackfruit. The product is distributed to each house to be planted in their respective yards. Now, the tree has started to bear fruit, and God willing, it can be harvested next year”.

Shop access, most of the community's access to shops around the village is quite good. The average number of shops in the village is between 10 and 25 shops. It means that people in the community can fulfill their basic needs much more quickly because they can be accessed around their homes. The type of shop that many residents own is a sweet shop, which also sells necessities and other household needs. Sri Kuncoro Village has added three shops since this covid pandemic, and one shop has decreased. As stated by the SK informant:

“One of the reasons for adding shops is that since this pandemic, residents have been restricted from leaving their homes, so many have taken the initiative to open candy shops to make it easier for residents to shop for basic ingredients in the village.”

On the other hand, in Margo Mulyo village, conditions were slightly different. Since the covid pandemic, 25% of all shops have gone bankrupt, so they were forced to close.

Credit Facility, most credit facilities owned by villages in Central Bengkulu Regency are in the form of Cooperatives/Institutions/Foundations managed by the local village government and the community. Villages with credit facilities in the form of cooperatives/institutions are Nakau village, Karang Tinggi village, Bajak I, Sri Kuncoro, Margo Mulyo, and Harapan Makmur. As “HM” puts it:

“The people here are pleased to get credit facilities from the Women's Cooperative, which has been in our village since 1999. The mandatory requirement is that the borrower has his micro-industry and be domiciled in the village. It is considered to make it easier for borrowers not to experience lousy credit and easy to find.”

Meanwhile, other villages have credit facilities that take advantage of banking in their village. The village is Kembang Seri, Dusun Baru II, Padang Betuah. There is 1 (one) village that does not have any credit facilities, namely Lubuk Sini Village. It is due to the large number of bad loans that occur.

BUMDes Performance

The BUMDes performance assessment in this study used a qualitative description that describes several important points that form the basis for evaluating the performance of a BUMDes. Some of the assessments used to measure the performance of BUMDes are as follows:

Type of business, Social Business, Finance/Banking, Rental/Renting Business, Intermediary Agency, Trading, Joint Venture/Holding, Contracting/Contracting. On average, the villages in Central Bengkulu have a BUMDes type of business in the form of a Leasing/Leasing Business. Villages that provide rental services are Nakau Village,

Kembang Seri, Karang Tinggi, Sri Kuncoro, Padang Betuah, and Harapan Makmur. The items for rent are tents, chairs for receptions and celebrations, cisterns, party supplies, and buffets. As KT puts it, it goes as follows:

"BUMDes provides rental of buffet items for celebrations, weddings, mourning in the form of a buffet table, domino table, party equipment, chenille, lamps, cisterns, and other celebration equipment."

Meanwhile, the other type of business is trading, which Dusun Baru II and Bajak I carry out. The products sold are necessities and fertilizers. In contrast to the village of Margo Mulyo, which carries out the business of an Intermediary Institution, as said by "MM":

"We formed a food house called "Rumah Pangan Kita (RPK)". Some of the food products collected by RPK were immediately redistributed to the market. Payment of RPK financial transactions utilizes the BriLink facility".

One village does not have this type of business, namely Lubuk Sini Village. It is because the BUMDes management that has been formed is inactive and will soon be replaced by new management.

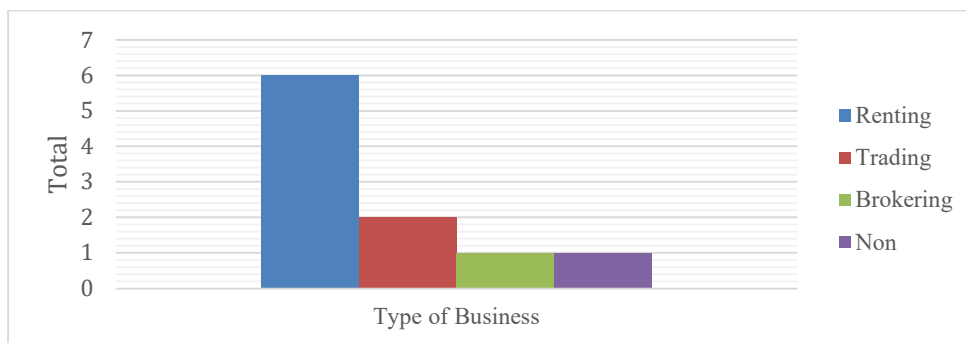


Figure 2. Type of BUMDes Business Mapping in Central Bengkulu Regency-2021

BUMDes Revenue

Law No. 6/2014 concerning Villages and also Village Ministry Regulation No. 4 of 2015 concerning BUMDes, which stated that Village-Owned Enterprises are business entities whose capital is wholly or primarily owned by the Village through direct participation originating from separated Village assets, manage assets, services, and other businesses for the maximum welfare of the Village community. This study categorizes BUMDes revenue into 3 (three) categories, namely revenue below one million rupiahs, more significant than one million rupiahs, and the last is no revenue. There are 3 (three) villages that until now have never received revenue for the past year, namely Bajak I, Lubuk Sini, and Sri Kuncoro Village. It is because the BUMDes management is less active in developing the BUMDes business, and there are also villages whose management period has expired. BUMDes initiatives and innovations have a significant role in advancing the performance of BUMDes. It was also found that BUMDes had a very minimal annual revenue, especially in the past year. Two villages in Central Bengkulu Regency have revenue of (approximately) one million, namely Padang Betuah and Margo Mulyo. As "PB" puts it:

"Since last year, our BUMDes income has been reported to be around one million rupiahs)".

Meanwhile, the average revenue obtained by BUMDes in Central Bengkulu Regency is (more than/equal) 1 (one) million rupiah, totaling five villages, namely Nakau, Karang Tinggi, Harapan Makmur, Dusun Baru II, and Kembang Seri. It means that most of the BUMDes revenue in Central Bengkulu is quite good, as seen from 50% of BUMDes having a revenue of more than one million rupiahs in the last year. Although the number is still minimal, this indicates that BUMDes is still running well.

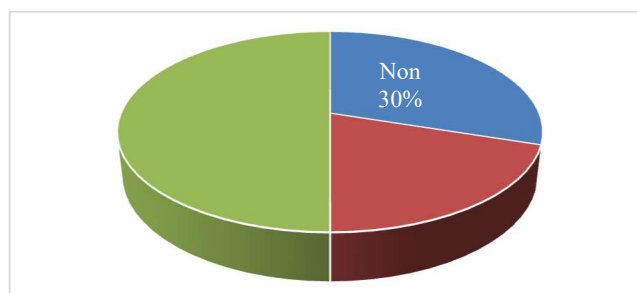


Figure 3. BUMDes Turnover Category Central Bengkulu Regency 2021

BUMDes Management/Management and the problems faced

Based on Law No. 4 of 2015 explains that the operational implementer/Director of BUMDes reports the accountability for the implementation of BUMDes to the advisor, which in the ex-officio is answered by the Village Head. The BPD carries out the supervision and development of the BUMDes organization.

The management of BUMDes by village officials in Central Bengkulu Regency was still in dire need of assistance from many parties (Sofyani et al., 2019). BUMDes organizational management has an essential role in developing BUMDes' performance. Based on in-depth interviews in the field, BUMDes organizational management was divided into several groups, namely active and inactive. Activeness is seen in the Human Resources (HR) and financial reporting capabilities of BUMDes. Villages in the active category consist of Nakau Village, Kembang Seri, Karang Tinggi, Padang Betuah, Margo Mulyo, Harapan Makmur, and Dusun Baru II. Meanwhile, BUMDes, which was not active in organizational management, consists of 3 (three) villages, namely Lubuk Sini, Bajak I, and Sri Kuncoro.

On average, the performance of BUMDes in Central Bengkulu Regency is in the "Good" category. It could be seen that 7 out of 10 villages that became the source of this research data are still actively running their business. The revenue obtained by BUMDes in the last year was still not extensive. Several BUMDes, such as Nakau, Dusun Baru II, Karang Tinggi, Padang Betuah, Margo Mulyo, and Harapan Makmur, continue to strive to develop their businesses, even though they have to face several problems that become obstacles. The assessment of BUMDes management activity used in this study is as follows:

a) Human Resources (HR)

The critical factor for the success of a BUMDes is the skill of the HR who manages the BUMDes (Kurniadi et al., 2021; Swandari et al., 2017). The natural potential in the village is abundant but cannot be adequately managed by BUMDes in particular. Then the village will not develop (Kania et al., 2021). The skills of Human Resources/BUMDes managers must also be supported by the knowledge, skills, and spirit of entrepreneurship (Hendriani et al., 2019; Sofyani et al., 2020). The success of BUMDes in running a business unit based on village potential and empowering rural communities may attract the best village human resources to develop the village (Asmuni et al., 2020). Some of the human resource conditions in BUMDes, Central Bengkulu Regency, are quite good. It was found that five BUMDes had actively managed their organizations well, namely the villages of Kembang Seri, Nakau, Dusun Baru II, Karang Tinggi, Margo Mulyo, Harapan Makmur, and Padang Betuah. Meanwhile, the other three villages, namely Lubuk Sini Village, Bajak I, and Sri Kuncoro, experienced a management vacuum in terms of activities and personalization. The entrepreneurial spirit of BUMDes managers is still shallow, so there is no innovation or high creativity in managing BUMDes' business units. Some BUMDes managers also don't understand what village potential can be developed to become a profitable business unit (Iqbal et al., 2021).

b) Financial Manager

Village-Owned Enterprises must optimize existing infrastructure through Village-Owned Enterprises by designing an accounting information system to be able to compile good Financial Reports and to support the BUMDes chairperson in making the right decisions about finance and economic steps that need to be improved. The Financial Statements result are Activity Reports, Statements of Financial Position, and Cash Flow Statements (Supriyati & Bahri, 2020). Most BUMDes in Central Bengkulu Regency admitted that they did not know how to prepare financial reports that could be accounted for properly. Previously, several villages had received training from the local government but had not focused on preparing financial reports, which they technically had to do. Thus, all BUMDes managers do not have basic knowledge of generally accepted financial reporting. Some BUMDes managers do not dare to submit their BUMDes budgets because they are worried about how they will be responsible for their finances to the Village Head.

Based on the description of the condition and performance of BUMDes above, the grouping of BUMDes performance in this research can be categorized, namely good, good enough, and not good. The performance of BUMDes with the "Good" category means that BUMDes has a business unit, revenue in the last year of >1 million, and an active BUMDes organizational management/management. BUMDes that fall into this category are BUMDes located in Kembang Seri Village, Nakau, Baru UU Hamlet, Karang Tinggi, and Harapan Makmur. The BUMDes Performance category with a rating of "Good enough" is that the BUMDes has a business unit, revenue in the last year reaching <1 million, and active management/management. BUMDes, in this category, is BUMDes located in Padang Betuah, and Margo Mulyo villages. The BUMDes Performance category with a rating of "Not Good" is that the BUMDes owns/does not have a business unit, does not have revenue in the past year, and has passive management/management. BUMDes in this category is BUMDes located in Sri Kuncoro Village, Lubuk Sini, and Bajak I.

Table 2. Factors of BUMDes Performance

Village	Type of business	Revenue	Management	Performance
Kembang Seri	Renting	>1 million	Active	Good
Nakau	Renting	>1 million	Active	Good
Dusun Baru II	Trading	>1 million	Active	Good
Karang Tinggi	Renting	>1 million	Active	Good
Lubuk Sini	Non	Non	Not Active	Not good
Bajak I	Trading	Non	Not Active	Not good
Padang Betuah	Renting	< 1 million	Active	Good enough
Sri Kuncoro	Renting	Non	Not Active	Not good
Margo Mulyo	Brokering	< 1 million	Active	Good enough
Harapan Makmur	Renting	>1 million	Active	Good

Based on the condition of Human Resources and the financial management of BUMDes above, it could be concluded that BUMDes manager had some of these problems:

Low entrepreneurial spirit

The ability to manage BUMDes must be supported by the entrepreneurial skills of BUMDes managers (Gandhiadi & Kencana, 2020). Entrepreneurial characteristics that must be owned by BUMDes Managers include self-confidence, task and result-oriented, leadership, future-oriented, responsible, willingness to take risks, creativity and innovation, independence, and good personal abilities. Entrepreneurial orientation can be increased by doing innovative and proactive activities, daring to make a decision, having confidence, and assertively arranging systematic planning.

BUMDes has not been able to carry out its daily operations

Good BUMDes institutional governance plays an essential role as a critical factor in the organization's success. The perspective of diversifying new products and new services is the primary resilience strategy in maintaining the viability of BUMDes. It is in line with Qosjim (2017), who found that BUMDes in Lumajang Regency had a reasonably good performance because BUMDes had linkages related to other factors that affected business sustainability. If the governance is not good, then the performance of BUMDes will find it increasingly difficult to run its organizational wheels to increase the growth of the welfare of the local community.

BUMDes managers are not competent

The success of BUMDes in running a business unit based on village potential and empowering rural communities may attract the best village human resources to develop the village (Asmuni et al., 2020). One way to improve managers' performance can increased competence (Iqbal et al., 2021; Hendriani et al., 2019).

BUMDes does not yet understand what the potential of the village is

The ability of BUMDes managers to explore village potential and local wisdom in their area is an important factor in improving the performance of BUMDes (Aeni, 2020). It is in line with the research of Qosjim (2017), which says that the problem of village managers who cannot grow social solidarity, village potential, and local wisdom with the wealth of social capital will affect the resilience and sustainability of BUMDes in the future. The director must understand and describe the economic performance potential for generating sustained competitive advantages (Barney, 1991). Such as, The community of the village can have a significant multiplier effect on the economy through direct and reverse linkages by the tourism model.

Not understanding the financial management

The financial management of BUMDes should arrange the financial reporting by the accounting system (Utama et al., 2020). Financial reporting provides information about tangible assets, intangible assets, liabilities, equity, revenue, cost, and expense (Andriana et al., 2021). The result Financial statement is an Activities Statement, Statement of Financial Position, and Cash Flow Statement (Supriyati & Bahri, 2020). The control over the officer's accountability and reporting audits on accounting motivate the officers to manage the finance of Village-Owned Enterprise for village welfare (Prafitri et al., 2018).

Recommendations that could be given to the government are; (1) local governments, sub-districts, and districts should immediately conduct training or technical guidance to all BUMDes managers in Central Bengkulu

Regency so they can prepare their financial reports more professionally, (2) the Regional Government/BPD should be more intense in conducting the guidance and supervision of BUMDes, especially related to the management activities and the development of the developed business units, and (3) the election and formation of the BUMDes management should be carried out democratically and with integrity. So, the activeness of the management is no longer an obstacle/problem that must be faced.

Conclusion

Most of the performance of BUMDes in Central Bengkulu Regency is in the Good category. Some BUMDes are still carrying out their roles and businesses well, even though the revenue they have earned over the past year has been minimal. Most BUMDes organizations' boards are still active in developing their business. The type of business that is primarily run is leasing. The problem faced by BUMDes is the low entrepreneurial spirit of BUMDes managers, so operational activities do not run smoothly. Many BUMDes managers are incompetent. BUMDes do not understand what potential villages can be developed and are not yet orderly in managing their BUMDes finances. All BUMDes managers do not understand how to prepare good BUMDes performance and financial reports. It is because BUMDes management lacks knowledge in the form of intensive training or technical guidance regarding good and proper BUMDes financial management.

BUMDes can improve performance by increasing the knowledge of BUMDes managers, especially professional organizational and financial management. It is better if the BUMDes manager provides technical guidance on preparing good financial reports by inviting competent experts in BUMDes management. The village ministry should pay more attention to the regulations for managing village-owned enterprises so that all enterprise managers can actively advance their organization and promote the village and community welfare.

Acknowledgment

This research is fundamental research funded by The University of Bengkulu, with contract number: 1793/UN30.15/PG/2021

References

- Aeni, N. (2020). Gambaran kineja Badan Usaha Milik Desa (BumDes) di Kabupaten Pati. *Jurnal Litbang Provinsi Jawa Tengah*, 18(2), 131–146. <https://doi.org/https://doi.org/10.36762/jurnaljateng.v18i2.826>
- Agunggunanto, E. Y., Arianti, F., Kushartono, E. W., & Darwanto. (2016). Pengembangan desa mandiri melalui pengelolaan Badan Usaha Milik Desa (BumDes). *Jurnal Dinamika Ekonomi Dan Bisnis*, 13(1), 67–81. <https://doi.org/https://doi.org/10.34001/jdeb.v13i1.395>
- Akib, I. (2021). Kinerja Bumdes dalam rangka peningkatan kesejahteraan masyarakat desa. *Cross Border*, 4(2), 359–364.
- Andriana, Sudarno, Utami, A. N., Susanto, A. B., & Kurniaty. (2021). Disclosing the Village-Owned Enterprises (BUMDes) financial management accountability. *IOP Conference Series: Earth and Environmental Science*, 921(1). <https://doi.org/10.1088/1755-1315/921/1/012001>
- Arifin, B., Wicaksono, E., Tenrini, R. H., Wardhana, I. W., Setiawan, H., Damayanty, S. A., Solikin, A., Suhendra, M., Saputra, A. H., Ariutama, G. A., Djuned, P., Rahman, A. B., & Handoko, R. (2020). Village fund, village-owned-enterprises, and employment: Evidence from Indonesia. *Journal of Rural Studies*, 79, 382–394. <https://doi.org/10.1016/j.jrurstud.2020.08.052>
- Aritenang, A. (2021). The role of social capital on rural enterprises economic performance: a case study in Indonesia villages. *SAGE Open*, 11(3). <https://doi.org/10.1177/21582440211044178>
- Asmuni, Rohim, & Trihartono, A. (2020). Minimizing brain drain: how BumDes holds the best resources in the villages. *IOP Conference Series: Earth and Environmental Science*. <https://doi.org/10.1088/1755-1315/485/1/012011>
- Badaruddin, B., Kariono, K., Ermansyah, E., & Sudarwati, L. (2021). Village community empowerment through village owned enterprise based on social capital in North Sumatera. *Asia Pacific Journal of Social Work and Development*, 31(3), 163–175. <https://doi.org/10.1080/02185385.2020.1765855>
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>

- Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Http://Dx.Doi.Org/10.1177/031289629101600103*, 16(1), 49–64. <https://doi.org/10.1177/031289629101600103>
- Gandhiadi, G. K., & Kencana, I. P. E. N. (2020). Model struktural faktor-faktor berpengaruh terhadap kinerja Badan Usaha Milik Desa di Kabupaten Jembrana, Bali. *Jurnal Matematika*, 10(1), 01. <https://doi.org/10.24843/jmat.2020.v10.i01.p118>
- Hendriani, S., Efni, H. Y., & Tiyasiningsih, E. (2019). Analysis on factors affecting performance of village-owned enterprises (Bumdes) administrator with commitment as moderator variables in Kampar district. *International Journal of Scientific and Technology Research*, 8(11), 443–452. <https://www.ijstr.org/paper-references.php?ref=IJSTR-1119-24711>
- Ikhwanasyah, I., Afriana, A., Faisal, P., & Trisnamansyah, P. (2020). An empowerment of a village economy: (BUMDES) in Indonesia. *International Journal of Innovation, Creativity and Change*, 12(8), 192–207.
- Indonesia. (2021). *Peraturan Pemerintah Republik Indonesia Nomor 11 Tahun 2021 tentang Badan Usaha Milik Desa*. Jakarta.
- Iqbal, R. M., Nugroho, A., Fajri, Martiastuti, H. I., Nonita, L., & Fadhiela, K. (2021). Financial performance and impacts of village fund on post disaster rural economic development in Pidie Jaya-Indonesia. *IOP Conference Series: Earth and Environmental Science*, 708(1). <https://doi.org/10.1088/1755-1315/708/1/012070>
- Kania, I., Anggadwita, G., & Alamanda, D. T. (2021). A new approach to stimulate rural entrepreneurship through village-owned enterprises in Indonesia. *Journal of Enterprising Communities*, 15(3), 432–450. <https://doi.org/10.1108/JEC-07-2020-0137>
- Karim, A. (2019). *Peningkatan ekonomi desa melalui Badan Usaha Milik Desa (BUMDes)*. Makasar: Penerbit Nas Media Pustaka.
- Kumar, P., & Sivaramakrishnan, K. (2008). Who monitors the monitor? The effect of board independence on executive compensation and firm value. *The Review of Financial Studies*, 21(3), 1371–1401.
- Kurniadi, A., Rao, D. G., & Subantoro, S. (2021). Pembangunan desa melalui Badan Usaha Milik Desa : Studi tentang fungsi manajemen pada BUMDes Sukamanah Kecamatan Megamendung Kabupaten Bogor. *Jurnal Administrasi Dan Manajemen*, 11(2), 83–89. <https://doi.org/10.52643/jam.v11i2.1063>
- Madjodjo, F., & Dahlan, F. (2020). Analisis kinerja Badan Usaha Milik Desa dalam pengelolaan anggaran untuk meningkatkan pengolahan potensi desa di Desa Akedotilou. *Indonesia Accounting Journal*, 2(2), 187. <https://doi.org/10.32400/iaj.31055>
- Miles, M. B., & Huberman, A. M. (1994). *Qualitative data analysis; an expanded sourcebook* (second). SAGE Publication.
- Ministry of Village, D. of D. R. and T. R. (2019). *Standar Operasional Prosedur pengukuran indeks desa membangun*. Jakarta.
- Njie, B., & Asimiran, S. (2014). Case study as a choice in qualitative methodology. *IOSR Journal of Research & Method in Education (IOSRJRME)*, 4(3), 35–40. <https://doi.org/10.9790/7388-04313540>
- Nurwahidah, S., Angkasa, M. A. Z., & Kusuma, R. R. (2020). Formulasi strategi pengembangan Badan Usaha Milik Desa (Bumdes) (Studi kasus di Kabupaten Sumbawa). *Prosiding Seminar Nasional IPPeMas*, 1(1), 607–614.
- Peredo, A. M., & Chrisman, J. J. (2006). Toward a theory of community-based enterprise. *Https://Doi.Org/10.5465/Amr.2006.20208683*, 31(2), 309–328. <https://doi.org/10.5465/AMR.2006.20208683>
- Peredo, A. M., & McLean, M. (2006). Social entrepreneurship: a critical review of the concept. *Journal of World Business*, 41(1), 56–65. <https://doi.org/10.1016/j.jwb.2005.10.007>
- Prafitri, N., Israwan Setyoko, P., & Retna Puspita, D. (2018). The business management of the village government in managing Village Owned Enterprise Manajemen bisnis pemerintah desa dalam pengelolaan Badan Usaha Milik Desa. *Masyarakat, Kebudayaan Dan Politik*, 31(3), 328–338. <https://doi.org/10.20473/mkp.V31I32018.328-338>

- Putterman, L. (1997). On the past and future of china's township and village-owned enterprises. *World Development*, 25(10), 1639–1655. [https://doi.org/10.1016/S0305-750X\(97\)00060-0](https://doi.org/10.1016/S0305-750X(97)00060-0)
- Qian, M., Cheng, Z., Wang, Z., & Qi, D. (2022). What affects rural ecological environment governance efficiency? Evidence from China. *International Journal of Environmental Research and Public Health*, 19(10). <https://doi.org/10.3390/IJERPH19105925>
- Qosjim, A. (2017). Analisis kinerja BUMDes di Kabupaten Lumajang (performance analysis BUMDes in Jember District). *Journal Ekuilibrium*, 11(1), 10–17.
- Ridley-Duff, R., & Southcombe, C. (2012). The social enterprise mark: a critical review of its conceptual dimensions. *Social Enterprise Journal*, 8(3), 178–200. <https://doi.org/https://doi.org/10.1108/17508611211280746>
- Ridlwani, Z. (2014). Urgensi Badan Usaha Milik Desa (BUMDes) dalam membangun perekonomian desa. *Fiat Justitia: Jurnal Ilmu Hukum*, 8(3), 424–440. <https://doi.org/10.25041/fiatjustitia.v8no3.314>
- Saputra, F. D. D. (2021). Faktor-faktor yang mempengaruhi kinerja Bumdes Dile dalam pengelolaan unit-unit usaha. *Syntax Literate ; Jurnal Ilmiah Indonesia*, 6(7), 3199. <https://doi.org/10.36418/syntax-literate.v6i7.3501>
- Setiawan, D. (2021). BUMDes Untuk Desa : Kinerja BUMDes dalam meningkatkan perekonomian di Yogyakarta. *Journal of Social and Policy Issues*, 1(1), 12–16.
- Sofianto, A., & Risandewi, T. (2021). Mapping of Potential Village-Owned Enterprises (BUMDes) for rural economic recovery during the Covid-19 pandemic in Central Java, Indonesia. *IOP Conference Series: Earth and Environmental Science*, 887(1). <https://doi.org/10.1088/1755-1315/887/1/012022>
- Sofyani, H., Ali, U. N. N. A., & Septiari, D. (2020). Implementasi prinsip-prinsip tata kelola yang baik dan perannya terhadap kinerja di Badan Usaha Milik Desa (BUMDes). *JIA (Jurnal Ilmiah Akuntansi)*, 5(2), 325–359. <https://ejournal.undiksha.ac.id/index.php/JIA/article/view/29053>
- Sofyani, H., Atmaja, R., & Rezki, S. B. (2019). Success factors of Village-Owned Enterprises (BUMDes) performance in Indonesia: an exploratory study. *Journal of Accounting and Investment*, 20(2). <https://doi.org/10.18196/jai.2002116>
- Supriyati, & Bahri, R. S. (2020). Model design of accounting information systems for Village Owned Enterprises (BUMDes). *IOP Conference. Series: Material Science and Engineering*, 1–7. <https://doi.org/10.1088/1757-899X/879/1/012093>
- Swandari, N. K. A. S., Setiawina, N. D., & Marhaeni, A. A. I. N. (2017). Analisis faktor-faktor penentu kinerja karyawan BUMDes di Kabupaten Jember. *Jurnal Ekonomi Dan Bisnis*, 6(4), 1365–1394.
- Tarlani, T., Dariah, A. R., & Rani, A. M. (2022). Transforming rural economy through community-based tourism with Village-Owned Enterprise (BUMDES, Badan Usaha Milik Desa) - a case study: Cibiru Wetan, Pagerwangi and Cipamekar Villages, Indonesia. *International Journal of Sustainable Development and Planning*, 17(5), 1535–1542. <https://doi.org/10.18280/ijstdp.170517>
- Utama, A. A. G. S., Rediyanto, T., Astuti, P. P. D., & Setyowati, Y. (2020). Electronic village financial system implementation in Banyuwangi: Ready or not? *International Journal of Innovation, Creativity and Change*, 11(11), 252–261.