

## Analysis of the Implementation of Management of Village-Owned Enterprises (BUMDES) In Increasing Village Original Income

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**Abstract:** BumDes, short for Village-Owned Enterprises, functions under the Ministry of Village, Development of Disadvantaged Regions, and Transmigration, as outlined in Government Regulation Number 11 of 2021. BumDes, a legally recognized entity formed by a single village or collaboratively by multiple villages, is dedicated to overseeing business operations, maximizing asset utilization, boosting investment and productivity, delivering services, and participating in diverse enterprises. Its fundamental objective is to enhance the well-being of rural communities. This research aims to describe the management of Village-Owned Enterprises (BUMDes) in the Plumpang sub-district, particularly in three villages: Bandungrejo Village, Kepohagung Village, and Kesamben Village. The research method employs qualitative data, with the researcher conducting studies in five villages, including Klotok Village, Bandungrejo Village, and Kepohagung Village. Three informants from each village participated, making a total of nine informants, including the Village Head, BUMDes Administrator, and Village Supervisory Body (BPD). Based on the findings of this research, BUMDes Jaya Makmur contributes 20% each year to the increase in Village Original Income (PADes). Although the amount is relatively small, its contribution has provided significant assistance to the village's economy. Meanwhile, businesses in Klotok Village contribute 45% to PADes, BUMDes Tirta Kencono contributes 60%, and BUMDes Jaya Makmur Sentosa contributes 53%. All BUMDes contribute to PADes and, on average, experience an annual increase.

**Keywords:** BUMDes Contribution to Original Village Revenue PADes, Management of Village-Owned Enterprises

### 1. Introduction

Village-Owned Enterprises (BUMDes) are local businesses that are supervised by the Village Government and have legal entity status. The Village Government has the authority to establish BUMDes based on village needs and potential, the process of which is regulated by village regulations. BUMDes management involves collaboration between the Village Government

and local residents. The hope is that BUMDes can have a positive impact such as increasing Original Village Income (PADes) and improving the quality of public services for village residents. The main goal of national BUMDes is to accelerate overall prosperity, strengthen the village economy, overcome development gaps, and strengthen the involvement of village communities in development pathways.

Therefore, BUMDes operations need to prioritize the principles of transparency, participation and accountability. In this research, researchers chose research on BUMDes in Plumpang sub-district, Tuban regency. The reason for choosing Plumpang sub-district is because the BUMDes in Plumpang sub-district have experienced positive development and on average have generated quite good BUMDes income so that it can be deposited into the village's original income and can improve the community's economy.

The establishment of Village-Owned Enterprises (BUMDes) is expected to produce positive effects, involving increasing Village Original Income (PADes) and public services to village residents. The main targets are to accelerate improvements in general welfare, advance the village economy, overcome national development disparities, and strengthen the role of village communities in the development process. Therefore, it is important for operating BUMDes to prioritize the principles of transparency, participation and accountability. By implementing these values, it is hoped that BUMDes management can be more efficient in utilizing village resources, which in turn will contribute to increasing Village Original Income. In addition, support and collaboration from the Village Government and Regional Government is very important, with a focus on supporting various community initiatives, not competing or taking actions that are detrimental to the types of

businesses that have been implemented by the village community.

Researchers highlight the importance of writing with two main objectives: first, managing Village-Owned Enterprises (BUMDes) in Plumpang District, and second, increasing the role of BUMDes in Plumpang District to improve Village Original Income.

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Researchers hope that the results of this research will contribute to two aspects. From a theoretical perspective, the research objective is to evaluate the management of Village-Owned Enterprises in an effort to increase Village Original Income. It is hoped that this research will provide useful insight and understanding as a guide for future researchers who are interested in the same field. From a practical side, it is hoped that this research will provide benefits to the Village Government and related institutions as an evaluation tool in managing Village-Owned Enterprises in each village in Plumpang District, Tuban Regency. It is hoped that the results of this research can be used as a guide or

reference to increase the contribution of Village-Owned Enterprises to Village Original Income.

In 2021, Hasbullah Bin Abdullah conducted a study on the Implementation of Jatimakmur Village-Owned Enterprises (Bumdesa) Management aimed at boosting Village Original Income (PADes) in Jatirejoyoso Village. The findings revealed that the overall management of BUMDes Jatimakmur in Jatirejoyoso Village is effective and contributes positively to the increase in Village Original Income (PADes). However, there are areas that require improvement, such as the limited outreach efforts by BUMDes Jatimakmur towards the community. Erna Hayati and Khoirul Bariroh (2021) investigated the impact of Bumdes on PADes growth in Blawi Village, Karangbinangun District, Lamongan Regency. The research demonstrated a substantial rise in Blawi Village's income attributed to Village-Owned Enterprises (BUMDes), resulting in an increased Original Village Income (PADes). The linear regression analysis indicated a significant influence of BUMDes income on PADes in Blawi Village. In 2023, Masrullah and colleagues evaluated the Performance of Village-Owned Enterprises in Enhancing Village Original Income. The study revealed that BUMDes Laccori's performance in elevating Village Original Income (PAD) in Laccori Village is unsatisfactory. The Laccori BUMDes program's management and implementation system do not align with several BUMDes management principles, particularly in terms of

transparency, socialization, and the professionalism of BUMDes administrators, which remain inadequate.

Mardiasmo (2021), Public sector accounting involves the implementation of accounting practices by government entities, companies owned by the state/region, and various other public organizations. There is increasing public demand for public sector institutions to implement transparency and public accountability. Referring to this definition, public sector accounting can be defined as providing services to produce financial information from government entities, for the purpose of to provide support to interested parties in the decision-making process.

Public sector accounting is a process that includes recording, classifying, analyzing, summarizing, as well as conveying and interpreting all government financial information, both at a detailed level and in a more general form (Sia, 2022).

According to Monika Handayani (2019), the objectives of public sector accounting consist of two aspects. First, the objective includes providing the information necessary to manage the resources provided to the organization in an accurate, efficient, and economical manner, with a view to monitoring management controls. Second, another aim is to provide information that enables managers to submit reports on the performance of their responsibilities in managing resources effectively and

appropriately. In addition, this information also allows government employees to report the results of government operations and the use of public funds to the public. This overall goal is related to the principle of accountability.

Two categories of public sector accounting that can be identified include: The first type is Government Accounting, which focuses on disclosing government financial data and information, both at the national and regional levels such as provinces and districts/cities. The results of this government accounting will be conveyed to various entities, including the executive, legislative, judiciary, and also the general public. The second type is Social Accounting. In contrast to the previous type, social accounting includes information regarding economic activities carried out by non-profit organizations, such as Non-Governmental Organizations (NGOs), political parties, or other entities that do not seek profit from their activities (OCBC, 2023).

The function of bumdes is First, carrying out economic activities by managing business, developing investment, and increasing the village's economic productivity and potential. Second, providing public services through the provision of goods and/or services as well as meeting the general needs of the Village community, including managing the Village food supply. Third, achieving profit or net profit to increase Village Original Income and optimize the benefits of the Village community's

economic resources. Fourth, utilize Village assets to create added value. Fifth, develop a digital economic ecosystem in the village.

The aim of BUMDes is to optimize the potential of available village assets, encourage economic growth at the village level, and improve the welfare of village residents. BUMDes operates with a focus on achieving profits, and its business management is based on the principles of openness, honesty, participation and justice. The function of BUMDes involves its role as the main driver in the village economy creates Village Original Income (PADes), and becomes a means of accelerating the improvement of the welfare of village residents. With the existence of BUMDes, it is hoped that villages can achieve a higher level of independence, and their residents can improve their living standards. However, because BUMDes is still in a relatively new stage of its existence, several obstacles often arise, especially in the process of its formation (Uswatun Hasanah, 2022). Meanwhile, according to Fadila Rahma, et al (2022), the formation of BUMDes aims to increase the community's ability to manage the village economy to achieve optimal levels of prosperity and economic independence at the village level.

## **2. RESEARCH METHOD**

This research aims to determine and analyze the implementation of Village-Owned Enterprises (BUMDES) management in increasing Village Original Income in Plumpang District, Tuban Regency.

The research method applied is qualitative data. This research was conducted in five villages, namely Klotok Village, Bandungrejo Village, and Kepohagung Village. Researchers involved three informants in each village, bringing the total number of informants involved to nine people, consisting of the Village Head, BUMDES Management, and the Village Supervisory Board (BPD). Criteria for selecting informants include a minimum tenure of one period, knowledge of BUMDES or other village businesses, as well as knowledge of the village's original income originating from BUMDES activities. Data collection was carried out through primary and secondary data, where primary data was obtained through observation, interviews and documentation. Data analysis was carried out through data triangulation, namely searching for truthful information from various data sources such as documents, original data, interview results and observations.

### 3. RESULT AND DISCUSSION

#### General description of the research location, Tuban Regency, Plumpang District

Geographically, Tuban Regency is located between 111o 30' - 112o 35' East Longitude and 6o 40' - 7o 18'

South Latitude. The area covers the Pantura route (north coast) as well as along the North Limestone mountains, stretching from Jatirogo District to Widang District and from Merakurak District to Soko District. The marine area of Tuban Regency involves 5

subdistricts, namely Bancar subdistrict, Tambakboyo subdistrict, Jenu subdistrict, Tuban subdistrict and Palang subdistrict. Tuban Regency borders the Java Sea to the North, Lamongan Regency to the East, Rembang Regency (Central Java) to the West, and Bojonegoro Regency to the South. Plumpang District, a small sub-district located at the southern tip of Tuban Regency, has diverse regional characteristics, including elements such as mountains, forests, highlands and lowlands. Plumpang also functions as the center of sub-district government which manages 18 surrounding villages, with the majority of the population being farmers. The central role of Plumpang District in the production of rice or rice to meet food needs in Tuban Regency is very significant, capable of producing up to three harvests a year.

Figure 1. Map of Plumpang sub-district

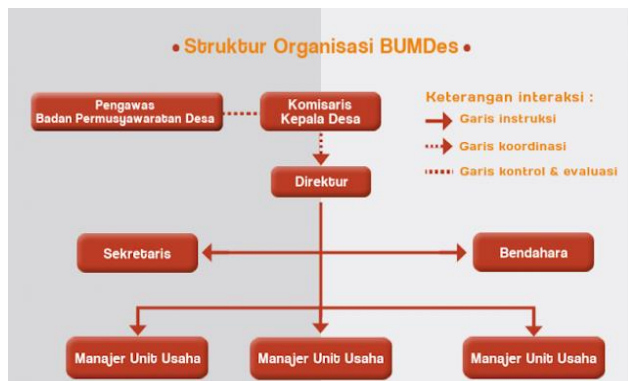


Source: Official Plumpang District Website

### **BUMDES Organization Manager**

According to the provisions contained in Tuban Regency Regional Regulation Number 09 Article 09 of 2013 concerning Procedures for the Formation and Management of Village-Owned Enterprises (BUMDes), the following is a description of the analytical structure of Tuban Regency BUMDes in the form of a chart illustration.

**Figure 2.** Analysis of the BUMDes Organizational Structure Chart Plumpang District, Tuban Regency



Source: Official Plumpang District Website

The results of the analysis of Tuban Regency Regional Regulations show that there are three positions that have key roles, namely Chairman or Director, Secretary and Treasurer, in the context of Village-Owned Enterprises (BUMDes). The role of the Chair is very central, as a leader who will guide the direction and running of the institution or organization. Because BUMDes is closely related to business activities, the Chairman needs to have a strong

vision in the business aspect and the ability to build social consolidation, including the ability to interact with the community.

The secretary has more functions than just recording meeting results; His duties also include designing how the results of the meeting will be implemented by the various related departments. Besides that.

The treasurer is responsible for connecting all company performance records into an integrated concept.

The treasurer, with general functions, is responsible for the financial aspects of the institution. The BUMDes treasurer must have the skills to manage the flow of money into the BUMDes large treasury. Detailing and allocating funds for various financial purposes such as salary payments, routine expenses, and determining budget allocations for business operational needs is the main task. In the context of Village-Owned Enterprises (BUMDes), the role of the Treasurer is very important because it functions as a financial manager who manages the flow of income from the various business units being run, as well as determining working capital for ongoing business development.

### **BUMDES Contribution to PADes**

Looking at one of the goals of establishing BUMDes from these three BUMDes, namely to increase Village Original Income (PADes),

BUMDes Jaya Makmur, BUMDes Tirto Kencono were able to provide PADes contributions in their first year of existence. This can be seen in the following table.

**Table 1.** Percentage of BUMDes Jaya Makmur income that is deposited into PADes

No	Year	Income (Rp)	PADes (Rp)	(%)
1	2020	13.000.000	2.600.000	20%
2	2021	10.300.264	2.060.000	20%
3	2022	6.885.447	1.377.089	20%

Source: BUMDes Jaya Makmur (Processed by the Author)

**Table 2.** Percentage of Tirto Kencono BUMDes income that is deposited into PADes

No	Year	Income (Rp)	PADes (Rp)	(%)
1	2020	53.711.000	32.226.600	60%
2	2021	74.508.000	44.704.800	60%
3	2022	91.345.519	54.807.311	60%

Source: LPJ BUMDes Tirto Kencono (Processed by the Author)

**Table 3.** Percentage of BUMDes Jaya Makmur Sentosa income that is deposited into PADes

No	Year	Income (Rp)	PADes (Rp)	(%)
1	2020	200.530.000	106.280.900	53%
2	2021	232.100.000	123.013.000	53%
3	2022	245.953.500	130.355.355	53%

Source: L/R Report of BUMDes Jaya Makmur Sentosa (Processed by the Author)

The income of Village-Owned Enterprises from the three BUMDes namely BUMDes Jaya Makmur, BUMDes Tirto Kencono, BUMDes Jaya Makmur Sentosa above can be

said to increase every year but there is one that is unstable, namely BUMDes Jaya Makmur. BUMDes Jaya Makmur can be said to have decreased in its BUMDes income because income in 2020 was much higher than the year after, this is because the production shop business really helped the village community to meet their needs during Covid-19 because in 2020 there was a regulation from the government that It is not expected that residents will leave their homes (Lockdown), therefore the income of BUMDes Jaya Makmur will increase very rapidly in 2020. From the table above, researchers can find out the percentage of BUMDes income that is deposited into PADes. Apart from the rise and fall of income in the four BUMDes, there are percentages that can contribute to Village Original Income, namely for BUMDes Jaya Makmur worth 20%, BUMDes Tirto Kencono worth 60% and finally BUMDes Jaya Makmur Sentosa worth 53%

#### 4. Conclusion And Suggestions

Based on the results of research in increasing Village PADes, BUMDes Jaya Makmur contributes 20% each year. Even though it's small, it can help the village economy. BUMDes Tirto Kencono contributed 60% to PADes and most recently BUMDes Jaya Makmur Sentosa contributed 53%. All BUMDes contribute to Pades and the average increases every year.

The advice that can be given by researchers in this study is that it is hoped that the three BUMDes in



Plumpang District can have a website that presents information about BUMDes, making it easier to find information related to the existence of BUMDes as a means of introducing the business units owned by the three BUMDes. Furthermore, it is desirable that they prepare reports in accordance with government regulations, including Cash Flow Reports, Profit/Loss Reports and Accountability Reports in accordance with the regulations applicable to BUMDes.

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