

The Role of BUMDes in Sustainable Economic at Enrekang Regency

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Abstract: South Sulawesi Province is one of the provinces in Indonesia. South Sulawesi has 21 regencies and one of them is Enrekang Regency which has 12 Sub-districts with 112 villages. Each village has its own potential in various sectors, especially in the agricultural sector because it contributes 49.82 percent to economic growth in Enrekang Regency. This is what makes the local government of Enrekang Regency more focus on increasing economic growth based on village local wisdom. The existence of Badan Usaha MilikDesa (BUMDes) is an economic institution based in rural areas in Enrekang Regency that can contribute to regional economic growth. During the Covid-19 pandemic, it hit the world, especially in Indonesia. The rate of economic growth is very slow, this makes the Enrekang Regency Government reduce the achievement of the target of regional original income by 57 percent of the 2019 target. Enrekang Regency besides having many villages that can be used as objects in the utilization of potential through rural-based economic institutions, namely BUMDes. The strategic value of utilizing these institutions can also realize the program for the realization of productive collective assets that are managed and used jointly by the community. In addition, cumulatively the regional economy can develop in supporting national economic growth. Enrekang Regency in addition to having a base of economic potential that can be developed in South Sulawesi Province also has a unique and distinctive typology of rural areas because it is supported by fertile nature.

Keywords: The role BUMDes, Sustainable economy, Regional development.

1. Introduction

Specifically, the Badan Usaha Milik Desa (BUMDes) is one of the village institutions that is engaged in the socio-economic field and functions as a service provider, especially in rural communities, where the main focus of this BUMDes is on the business sector in the village. BUMDes has a very important role considering that in rural development in developing countries, of course, it will not be much related to the issue of poverty alleviation. From the perspective of economic independence, the village economy has a rational and unique institutional alternative, where the village is often seen as a small part, backward and so weak (Musa & Hasan, 2018). Therefore, it is necessary to have an agency that can change people's perspectives on the important role of a village in an economy.

Theory and empirically, it shows that the BUMDes institutional system refers to; (1) Satisfaction as the goal and maximum profit. (2) People tend to think that BUMDes rationally is more as a group association, by using social capital as the basis for individual interests and priorities. (3) The organizational structure of BUMDes is outside the village government system, so it is not always stable and efficient in providing services to villagers. (4) Villagers assigned as equipment/management bodies have more motivation and orientation based on non-materials, namely respect, appreciation socially and politically rather than economic (Sahabuddin, 2018).

The role of BUMDes in the welfare of the community includes (1) identifying village potential, (2) mapping the village's superior potential, (3) creating an integrated village economic center, and (4) marketing of superior products produced by village economic institutions. BUMDes is an economic institution that lies in the capital regulated in the policy, where BUMDes capital has a composition of 49% of the community and 51% of the village government. Law of the Republic of Indonesia No. 6 of 2014 article 90, that the government, both provincial and district/city regions, provides access capital in the form of grants, technical assistance, and market access.

The role of BUMDes is very important as an alternative solution to reduce poverty levels, especially in rural areas. Thus, BUMDes can be a means or strategic model in poverty alleviation programs through institutions. If BUMDes is successful in managing its operations, then these results can not only benefit the village itself but also national economic growth. The success of BUMDes cannot be separated from high community participation (Ayub et al, 2020).

Economic growth in Enrekang Regency fluctuates every year, in 2010-2019 the total gross regional domestic product of Enrekang Regency continues to be stagnant, and in 2010-2019 the total gross regional domestic product has increased but the increase has not been maximized. The sector that experienced a significant increase was the agricultural sector which in 2011 was 5.70% and increased by 7.39% in 2015, and the sectors that experienced a significant decline were in the water supply sector, waste procurement, and waste. Indonesia's 2020 economic growth experienced a growth contraction of 2.07% compared to 2019. Gross Domestic Product (GDP) at current prices reached IDR 15,434.2 trillion and GDP per capita reached IDR 56.9 million or US\$ 3,911.7.

Ministry of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia announced that entering July 2018, Badan Usaha Milik Desa (BUMDes) throughout Indonesia has reached 35 thousand from 74,910 villages throughout the archipelago. This number is five times the target of the Ministry of Villages which only set 5000 BUMDes (Karim et al, 2021). Does that mean the

strength of BUMDes is ready to become a giant economic power in Indonesia? The problem is, until now, various data indicate that most BUMDes are still standing and do not have productive business activities. Some of them even withered before developing because of the lack of understanding of BUMDes among most village heads (Akbar & Sihaloho, 2019).

The village fully has the authority to formulate its own steps through the village deliberation. This is a big homework, not just the ministry of villages to be able to explain BUMDes to all villages throughout the archipelago. But it is also a big challenge for village heads in various parts of the country to understand and implement it (Bebington et al, 2006). Not only in terms of formulating how it will develop, but the village also has full authority to manage the village fund to realize village welfare. The Ministry of Finance of the Republic of Indonesia in the distribution village funds directly transfers through the village account. This is done to prevent fraud in the distribution of aid to all villages in Indonesia (Handayani & Badrudin, 2019).

Regional development, where most of the population depends on the agricultural sector, should make a policy direction in rural development. In accelerating the level of welfare of rural communities, the steps taken are to accelerate development in the industrial sector based on village economic potential (Desi, 2021). Achieving the main targets through the implementation of regional development policies are increasing people's income, expanding employment opportunities, and meeting the needs of clothing and food. Increasing consumption-based production and utilizing the potential of the rural base sector to realize community welfare (Maddatuang et al, 2021). The development of inter-village economic development is a strategy for opening cross-village market access in supporting the growth of each region's original income.

The development of agricultural areas is one of the stages in the implementation of national development policies that should be implemented in all districts in South Sulawesi Province (Nugroho et al, 2021). The Government of Enrekang Regency through the direction of the regional superior program policy in an integrated manner since 2009 has implemented the development of an agropolitan area, followed by the South Sulawesi Provincial Regulation Number 9 of 2009 (RT/RW 2009-2029). In addition, the District Government of Enrekang stipulates Regional Regulation Number 14 of 2008 concerning the Regional Long-Term Development Plan for 2008-2028. The development of an agropolitan area in Enrekang Regency is determined and centered in the Belajen Agropolitan area, Alla Sub-district. The agropolitan area has been identified as having natural resource potential in supporting the development of the agricultural sector and horticultural commodities in the Enrekang Regency (Rahman, 2021). The agropolitan area is expected to be able to have an impact on rural economic growth, especially in Alla Sub-district which has 8 villages, with the majority population being farmers.

In order to increase community income and village income, the village government can form Badan Usaha Milik Desa (BUMDes) in accordance with the needs and potential of the village. In terms of planning and formation, BUMDes was built on the initiative of the community in each village based on the principles of participation and emancipation. These two principles must be used as a foothold in empowering local village communities (Hehamahua, 2015).

As a village economic institution, the establishment of BUMDes is intended to increase the income of the village community and contribute to the village's original income (Antlöv et al, 2016). The pillar of this BUMDes institution is a village socio-economic institution that is truly capable as a commercial institution that is able to compete outside the village. BUMDes as a people's economic institution, a commercial institution, first take the side of meeting the needs (productive and consumptive) of the community through distribution services for the provision of goods and services. This is manifested in the provision of

community needs that are not burdensome (such as cheaper prices and easy to obtain) and profitable (Syafingi et al, 2020).

The final goal, BUMDes as a social force for the community at the village level as a forum for building cooperation among villages in encouraging rural economic growth. To achieve these conditions, strategic and tactical steps are needed to integrate all potentials, market needs, and institutional design preparation into inter-village plans. (Titi & Sri, 2020). In addition, the local potential of the village needs to receive policy support from all levels of the government structure. The current lack of development of the village economy is due to regulations and the application of rules that have not been maximized at the village government level. The integration of the system with socio-culture in structuring all villages in Indonesia is the main obstacle (Sendouw, 2014).

2. Method

This type of research is descriptive qualitative which aims to provide a complete and in-depth description of the role of Badan Usaha Milik Desa (BUMDes) in improving the community's economy in Enrekang Regency. Qualitative research is research that emphasizes the process and meaning or social reality that does not go through rigorous testing or measurement in terms of quantity and frequency of research objects. Qualitative research emphasizes the construction of social reality, the reaction between the researcher and the researched, and the situational constraints surrounding research, as well as the nature of the research requirements. The focus of qualitative research is to explain how social phenomena are formed and given meaning. Descriptive is a method used in finding a broader knowledge about a particular object and time.

This study focuses on improving the rural economy through Badan Usaha Milik Desa (BUMDes). The groups used as research informants are village heads, BUMDes heads, and the community, some of the focus descriptions in this research includes:

- a) The Village Head is a person who has administrative policies in the village government area.
- b) The head of BUMDes is a person who has a policy in carrying out the organization of village economic institutions institutionally.
- c) The community is the person who gets it directly from the village economic institution, namely BUMDes in Enrekang Regency.
- d) BUMDes is a village business that is managed by the village government and is a legal entity. The management of Badan Usaha Milik Desa (BUMDes) consists of the village government and the local village community.
- e) Improving the economy of rural communities in an effort to build community power in the economy, especially by encouraging, motivating, and exploring their potential so that conditions will change from being helpless to be empowered with the realization of real actions to increase the dignity and worth of the economy and escape from poverty and backwardness.

Data processing and analysis procedures can be seen in the following chart:

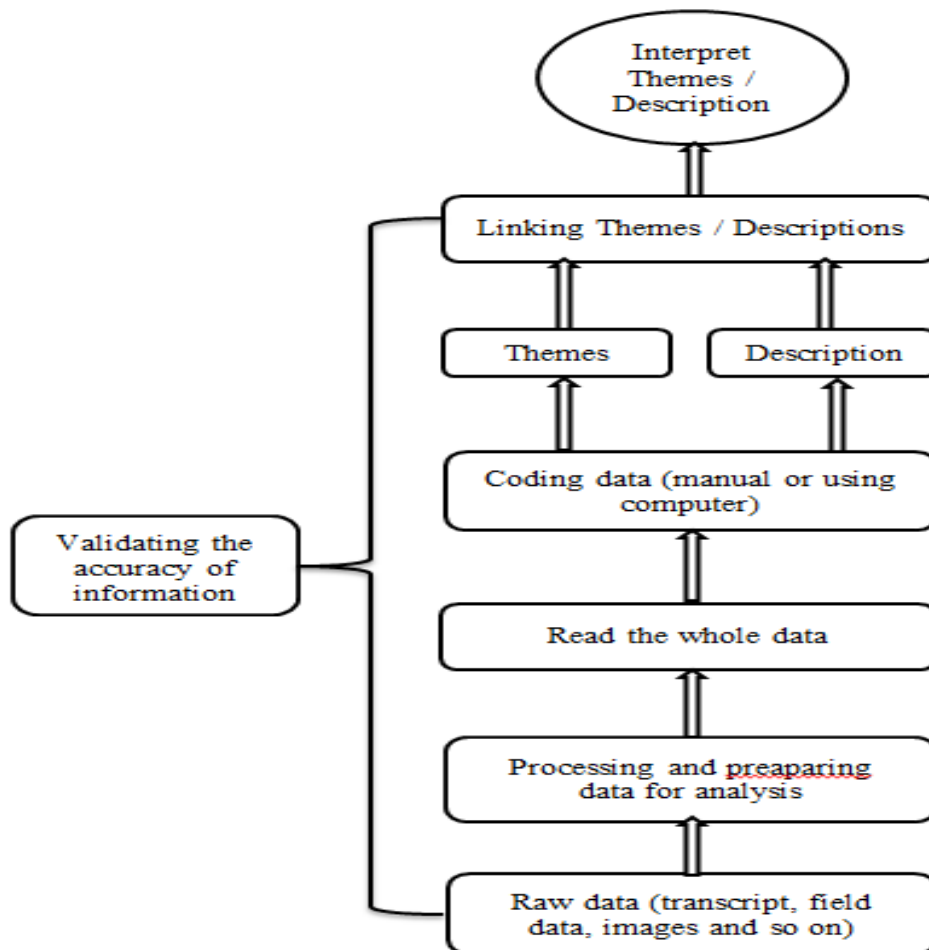


Figure 1: Research data analysis

3. Findings and Discussions

The existence of community empowerment institutions and village governments can not be separated from the work load. Enrekang Regency government policies certainly have a very strategic role in empowering rural community development. The dynamics of developmental ways bring new aspirations and demands from the community to realize a better quality of life. The aspirations of the people's demands are based on the desire to play a more active role in realizing an advanced, independent, prosperous, and just society. The target of the development program in regional economic growth is the formation of Badan Usaha Milik Desa (BUMDes) as a strategic business unit in increasing village's original income.

Currently, the Enrekang Regency Government is more focused on increasing economic growth in rural areas as an effort to support national programs. Enrekang Regency has 12 sub-districts with 112 villages in it, each village has its own potential in various sectors, especially in the agricultural sector because it

contributes 49.82 percent to economic growth in Enrekang Regency. This is what makes local governments focus their attention on efforts to increase rural economic growth in the agricultural sector. Village economic institutions, namely Badan Usaha Milik Desa (BUMDes) are expected to boost regional economic growth. BUMDes in its journey for 6 years has always received budget assistance from the Ministry of Finance of the Republic of Indonesia.

South Sulawesi Province has 21 regencies, one of which is the Enrekang Regency, which has great natural potential as a strong area with economic potential if the management of all its potential is maximized. The Covid-19 Pandemic Crisis requires the government to show the public that Enrekang Regency can survive in the food security sector from the agricultural aspect as an economic superior potential. During the Covid-19 pandemic, farmers in Enrekang Regency remained productive in their activities to meet community needs which could be distributed to other regencies. The role of farmers in the Enrekang Regency is to maintain stability and food availability, both in the local and national sectors.

In 2019 Enrekang Regency had a ginger plant harvest area of 156,128 square meters spread over 12 Sub-districts which were the result of agricultural production to maintain regional food security. The productive land area of Masalle District is 75,000 square meters, followed by Baraka and Maiwa districts of 40,000 and 26,500 square meters, respectively.

The village is a potential basis for economic activity and must become a new paradigm in the rural economic development program in Enrekang Regency. Changes in internal and external conditions that occur require appropriate and appropriate policies from policymakers in an effort to develop the potential of rural areas. Villages as regional development centers in driving the economy of rural areas.

During the global Covid-19 pandemic, economic growth in Enrekang Regency only reached its lowest limit, only 4.55 percent which was no longer in line with the previous prediction of 6.65 percent per year. Economic growth in Enrekang Regency is driven by two sources, namely (1) the supply side namely, the driving factor is the agricultural, manufacturing, and construction sectors. (2) Demand-side economic growth supported by household consumption needs. The setting of a fairly high economic growth target is expected to increase regional revenues, especially revenues from regional taxes and levies. Accelerating economic growth is predicted to reduce the unemployment rate from 1.58 percent in 2019, an increase of 1.28 percent in 2020.

The realization of the economic growth target during the Covid-19 pandemic tends to be difficult to achieve from the target until the end of 2020, as the number of unemployed increases at the national level and has an effect on the level of regional government. The Enrekang Regency Government has projected that the percentage of poor people is targeted to decrease from 12.77 percent to 11.51 percent in the 2019-2023 period. The target for the percentage of the poor in 2019 is based on the prediction of the achievement of the percentage target for the poor in 2018 of 12.96 percent.

Refers to the projections of several macroeconomic variables supported by various efforts to intensify and provide information on taxation and levies as well as financial policies. The central and local government levels are expected to encourage regional revenue growth in Enrekang Regency. Regionally, the income from balancing funds and other legitimate income is more focused on realizing the achievement of the target of regional original income. To achieve this target, the local government of Enrekang Regency made a breakthrough or new innovation related to optimizing the increase in regional income sources. The policy of intensification and extensification of taxes and levies that have been taken will be continued and refined in local regulations.

An increase in the nominal value of the percentage of regional original income will have an impact on increasing the contribution to regional original income. With the achievement of the set targets, the contribution of regional original income tends to increase every year from 8.63 percent in 2019 to 10.86 percent in 2021. The acceleration of growth of regional original income in the next five years is predicted to increase.

Table 1: The development of Enrekang Regency's original income in 2019 - 2021

Number	Description	Total regional budget		
		2019 Realization (IDR)	2020 Goals (IDR)	2021 Projection (IDR)
1	Regional original income	95.81 billion	116.99 billion	143.54 billion
2	Local tax	16.68 billion	20.61 billion	25.46 billion
3	Regional retribution	25.40 billion	30.98 billion	38.11 billion
4	Legalized regional wealth	15.67 billion	17.86 billion	20.54 billion
5	Other legitimate local revenue	37.43 billion	47.54 billion	59.43 billion

Source: Author's findings

In the 2019-2021 periods, local revenue is projected to increase from IDR 95.17 billion in 2019 to IDR 143.53 billion in 2021. The projection of economic income growth is adjusted within that time span, which is around 7 - 7.53 percent. The agricultural sector plays an important and strategic role in supporting national economic growth from the regional agricultural sector. These roles include increasing foreign exchange earnings, providing employment, obtaining added value and competitiveness, meeting domestic consumption needs, domestic industrial raw materials, and optimizing sustainable natural resource management.

The agricultural sector currently has the most contribution to the national economic growth of 12.84 percent of gross domestic product. The agricultural sector has the highest growth trend in Indonesia during the Covid-19 period. Data on the contribution of BUMDes in village income to finance village expenditures accumulated in the village income and expenditure budget in 2 different years in Janggurara Village, Baraka Sub-district. This has a positive impact on increasing village original income.

Table 2: Village Original Income in Janggurara Village for the 2019-2020 Period

Number	Description	Year 2019 (IDR)	Year 2020 (IDR)
1	BUMDes profit sharing	-	14.7 million
2	Village fund	1.121 billion	935.2 million
3	Regional taxes and levies	-	16.2 million
4	Budget allocation	502.6 million	460.1 million
5	Bank savings	4.3 million	5.33 million
Total		1,627.9 billion	1,431.5 billion

Source: Author's findings

Based on the table, the contribution of BUMDes in 2020 in improving the village economy greatly contributes to the original income of the village of Janggurara Village. When compared to 2019, where the village's original income comes from only three sectors, while in 2020 the source of the village's original income has increased in 2 sectors. The total cumulative original village income in Janggurara Village decreased in 2020; this was due to a reduction in village funds and village fund allocations. On the other hand, the researcher shows that the data used as village income and expenditure budgets for 2 years running have not maximized BUMDes institutions in improving the village economy.

Table. 3: Village Original Income in Parinding Village for the 2019-2020 Period

Number	Description	Year 2019 (IDR)	Year 2020 (IDR)
1	BUMDes profit sharing	-	-
2	Village fund	1.1 billion	1.1 billion
3	Regional taxes and levies	8.4 million	18.3 million
4	Budget allocation	505.6 million	460.9 million
5	Bank savings	2.7 million	2 million
Total		1,517.7 billion	1,482.2 billion

Source: Author's findings

In Parinding Village, the main source is only 4 (four) main sectors as village original income. There is no contribution from BUMDes in Parinding Village. This is because the Parinding Village Government only relies on 4 (four) sources in the village income and expenditure budget in Parinding Village.

The village is an administrative area in this part of the archipelago which has contributed a lot to urban development in every province throughout Indonesia. During the Covid-19 Pandemic, which has devastated almost all aspects of human life on this earth, the economic sector is no exception. 269.6 million people in Indonesia's total population have felt the destructive power of Covid-19. Domestic product growth in the third quarter, which began as of July 2020, was only able to grow 1.4% or weakened to minus 1.6%. On the other hand, the threat of a national food crisis has also become an extra concern from the government. The village is an area that can answer this anxiety because the village can increase economic growth and national food availability (Alfada, 2019).

Bank Indonesia said the current national economic growth cycle had reached its lowest point amid the global Covid-19 pandemic. State spending until the end of February 2020 was IDR 279.41 trillion (11.0 percent of the 2020 state revenue and expenditure ceiling), nominally an increase of 2.79 percent from the same period compared to the previous year. The realization of the state expenditure includes the realization of the central government expenditure of IDR 161.73 trillion (9.61 percent of the budget ceiling for state revenues and expenditures) and the realization of transfers to regions and village funds of IDR 117.68 trillion (13.73 percent of the state budget ceiling). In nominal terms, the realization of Central Government Expenditures up to February 2020 grew by 11.01 percent from the previous year.

Economic growth in South Sulawesi Province during the global Covid-19 pandemic, the Enrekang Regency Government can encourage all Village Heads to prioritize short-term planting in meeting food needs nationally and regionally. All villages currently have available budgets from village fund allocations in the range of IDR 1 billion/village. If we add up the total village funds in Enrekang Regency, the amount is around IDR 112 billion out of a total of 112 villages. Of the total IDR 112 billion, 25% can be allocated for the use of meeting food needs and improving the village economy, so that the total budget allocation is IDR 250 million/village. Then a total of IDR 28 billion of money movement in Enrekang Regency in contributing to supporting the economy in the fulfillment and supply of food stocks from rural areas in Enrekang Regency during the global pandemic crisis.

With such a large allocation of state revenues and expenditures in handling the impact of Covid-19, the government has to pay more serious attention to the aspects of management, distribution, and national food availability, which will reduce the number of people infected with the corona virus on a large scale National. With the allocation of the state revenue and expenditure budget, the government should have been able to provide a concrete and measurable explanation in its handling so that at a certain time, the government has given an expectation of 0 (zero) new cases again based on the suitability and accuracy of the allocation.

Currently, almost all parties are pessimistic about the availability of national food ingredients and the duration of time for effective handling of government efforts that will disburse the state budget of revenues and expenditures that are very fantastic in number. Until now, the government has appealed to all Indonesians to jointly prevent the spread of Covid-19 without exception. On the other hand, the appeal also does not include the formal involvement of community components based on their competence by adjusting budget allocations. State revenues and expenditures have been determined. Approved and distributed to all beneficiaries.

The local government is currently more focused on economic growth in all villages, especially in Bumi Mass enrempulu. Enrekang Regency has 12 sub-districts with 112 villages so that the government and all stakeholders will focus more attention on increasing village-based economic growth. Theoretical and empirically show that BUMDes institutional refers to:

- 1) Maximum satisfaction as the main goal.
- 2) People tend to think that BUMDes is rationally more as a group association, by using social capital as the basis for individual interests and priorities.
- 3) The organizational structure of BUMDes is outside the village government system, so it is not always stable and efficient in providing services to villagers.
- 4) Villagers assigned as equipment/management bodies have more motivation and orientation based on non-materials, namely respect, appreciation socially and politically rather than economic.

The concept of the existence of BUMDes has been going well, in which the orientation and main priority of the existence of the institution are not only based on material benefits but has led to social interests. However, there needs to be more mature preparation if later the operation of BUMDes is left entirely to the village community. It is intended that the public can accept new ideas about economic institutions that have these two functions, namely commercial and social (Khaliq & Noy, 2007). However, it does not deviate from the characteristics of the village and the values of life in it. The most appropriate preparations to do socialization, education, and training for parties who have an interest in improving the standard of living of the village community.

The above concept still needs to be further refined through proper cooperation (partnership) capital and can be implemented by BUMDes with village markets in the district, as well as with a wider market coverage if it is still possible. The partnership strategy used by BUMDes can be in the form of an integrated and intensive partnership. The role of BUMDes with other economic institutions is expected to be able to collaborate to support the implementation of local government programs in rural areas.

The following is the data of active BUMDes in 6 (six) Sub-districts in the Enrekang Regency, namely Alla, Anggeraja, Baraka, Buntu Batu, Curio, and Malua Sub-districts. The following are the names of the villages in each sub-district:

Table. 4: BUMDes is active in 6 Sub-districts in Enrekang Regency

Number	Sub-district	Village	Total (IDR)
1	Alla	Bolang	5.7 million
		Taulo	1.2 million
		Total	6.7 million
2	Anggeraja	BambaPuang	6.8 million
		Mendatte	737 thousand
		Total	7.5 million
3	Baraka	Tirowali	4 million
		Janggurara	14.7 million
		Kadingeh	998 thousand
		Total	19.6 million
4	BuntuBatu	BuntuMondong	3.2 million
		EranBatu	1.8 million
		Langda	1.9 million
		Latimojong	8 million
		Total	14.9 million
5	Curio	BuntuBarana	4 million
		Mekkala	3 million
		Sangilepongan	8.2 million
		Total	15.2 million
6	Malua	Kolai	21.9 million
		Rante Mario	416 thousand
		Total	22.3 million
Total number			86.2 million

Source: Author's findings

Based on the table data above, the total number of villages that have been active as Badan Usaha Milik Desa (BUMDes) institutions from 6 (six) Districts are the focus of the author's research location. The number of villages that have been active as BUMDes is based on the village original income data for 2020 at the Ministry of Villages of the Republic of Indonesia and the Enrekang Regency Community and Village Empowerment Service. The accumulated number of villages in these 6 (six) sub-districts is 55 villages.

BUMDes aims to improve the village economy and improve community efforts in managing the village's economic potential. In addition, BUMDes also aims to develop business cooperation plans between villages and/or with third parties, create opportunities and market networks that support the needs of public services for citizens, create jobs, improve community welfare through improving public services, growth, and equitable distribution of the village economy, and increase village community income and village original income.

4. Conclusion

The existence of BUMDes is expected to contribute to improving community welfare at the rural level. Based on initial observations and information obtained by researchers in the field, there are still problems in improving the welfare of rural communities in the Enrekang Regency. This is due to the weak role of existing economic institutions, BUMDes is an economic institution formed by the Village Government in utilizing all economic potential, natural resource potential, and human resources in order to improve the welfare of rural communities.

The target of BUMDes is to target the economically weak (poor) based on several categories, including recommendations from the Enrekang Regency Community and Village Empowerment Service and the results of a survey of BUMDes. The existence of BUMDes in relation to helping the poor by distributing assistance in the form of cash (money), with a soft return system. BUMDes in the district has a goal to improve the welfare of rural communities. The presence of BUMDes is one of the hopes of the village government, especially in the 6 (six) Sub-districts that are the focus of the research location.

BUMDes has an important role in improving the community's economy, considering the number of poor people in the Enrekang Regency is quite high. Currently, data from the Central Bureau of Statistics of Enrekang Regency, there is still 12 percent of poor people in Enrekang Regency. That is, if our population reaches 220 thousand, then there are still around 20 thousand people who are classified as poor living in 12 Sub-districts. The role of the village government through Badan Usaha MilikDesa (BUMDes) must be able to empower the superior potential of each village into a productive economic source. The results of interviews related to the obstacles to the implementation of BUMDes can be concluded as follows.

Three indicators of internal barriers that are the focus of research are management regulations, village government commitment, and innovation in BUMDes management, the most prominent of which is the weakness of regulations. Regulations in an organization are technical guidelines for the implementation of activities so as not to deviate from the purpose of establishing BUMDes.

BUMDes as a partner of the village government in empowering the community's economy needs more optimal regulations so that it can improve the economy of the poor. BUMDes management needs efforts to increase professionalism so that the services provided are better, accurate, targeted, and accountable to prevent nepotism and corruption. Increasing professionalism is also a benchmark in developing businesses managed by BUMDes to suit the needs of the community.

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