

Empowerment of Village Owned Enterprises in Business Unit Management in Bangli Regency



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ABSTRACT: Village-Owned Enterprise (BUMDES) is formed by the Village Government under Village Regulations to utilize all economic potential, institutions, as well as potential natural and human resources in order to improve the welfare of Village community. The problems studied in this research are related to the implementation of business unit management at Village - Owned Enterprises in Bangli Regency and efforts to empower it in Bangli Regency. This research is conducted to examine and analyze the implementation of the business unit management of Village BUM and efforts to empower Village BUM in Bangli Regency. This research is an empirical legal research using data collection techniques of observation, document studies, and interviews. The results of the research show that of the various types of Village BUM businesses, only savings and loan businesses are running effectively. Types of business that have not been running effectively/optimally are caused by several factors, namely limited capital, skillsskills of Human Resources (HR) are not yet in accordance with the business unit being managed, and determination of business units that are not accompanied by an in-depth analysis of village potential. A total of 22 (twenty-two) Village BUM encountered obstacles in the legal entity process due to problems in financial accountability report, the organizational structure of the Village BUM was not in accordance with regulations and was not equipped with personnel and filling Ledger. Efforts to empower Village BUM in Bangli Regency are carried out through fostering and developing Village BUM, by exploring and analyzing village potential, increasing human resource capacity in the form of financial management training, increasing capital through cooperation/business partners with other parties, and intensifying legal status of Village BUM.

KEYWORDS: Village BUM; Management; Business unit.

1. INTRODUCTION

Village Development has a very important and strategic role in improving the welfare of society, particularly rural communities. In encouraging the development at the village level, the government provides authority to village governments to independently manage the existing potential in their regions, one of which is through economic institutions at the village level, namely Village-Owned Enterprises.¹ Village-Owned Enterprise (BUMDES) is a village economic institution formed and owned by Village Government, to manage business independently and professionally with all or most of the capital coming from the Village. BUMDES is part of an institution which can support the welfare of villagers, and it is certainly expected to be accompanied by an increase in the Human Development Index (IPM).² BUMDES is a pillar of economic activity in the village functioning as a social (*social institutions*) and commercial institution (*commercial institutions*). As a social institution, BUMDES supports the interests of the community through its contribution to the provision of social services. While, as a commercial institution, BUMDES aims at making profits through offering local resources to the market.³ From the existing of the BUMDES,

¹ Fatir Aditya Hidayat and Hardi Warsono, "Mekanisme Pemberdayaan Masyarakat Melalui Badan Usaha Milik Desa Delta Mulia Di Desa Panempan Pada Masa Pandemi Covid-19," *Sukowati Research and Development Journal* 5, no. 1 (2021): 27–38, <https://doi.org/https://doi.org/10.32630/sukowati.v5i1.189>.

² PL Rika Fatimah, "Mengembangkan Kualitas Usaha Milik Desa (Q-BUMDes) Untuk Melestarikan Ketahanan Ekonomi Masyarakat Dan Kesejahteraan Adaptif: Perancangan Sistem Kewirausahaan Desa Dengan Menggunakan Model Tetrapreneur," *Jurnal Studi Pemuda* 7, no. 2 (2018): 122–32, <https://doi.org/https://doi.org/10.22146/studipemudaugm.39551>.

³ Departemen Pendidikan Nasional Pusat Kajian Dinamika Sistem Pembangunan (PKDSP), *Buku Panduan Pendirian Dan Pengelolaan Badan Usaha Milik Desa (BUMDes)* (Jakarta: Fakultas Ekonomi Universitas Brawijaya, 2007), <https://shorturl.at/puvT4>.

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it is expected that all the resources owned by the village can be managed by the villagers themselves to increase the village's original income, so that the village can be independent.⁴

BUMDES is a village economic institution/entity with legal status as confirmed under the Law Number 6 of 2023 concerning Stipulation of Government Regulation in lieu of Law Number 2 of 2022 concerning Job Creation to become Law and Government Regulation Number 11 of 2021 concerning Village-Owned Enterprises.⁵ With the status as a legal entity, BUMDES has a very strong *legal standing*. BUMDES can organize various business units, and can build a network of cooperation with various parties including banks, with owners of capital, and economic activists which can make it easier for BUMDES to access investors so that their reach is bigger and wider. BUMDES will become more flexible in managing their business activities and more easily get access to capital therefore they can accelerate the improvement of the community's economy.

Even though it has been regulated under various regulations as the umbrella for their establishment, and the achievement of the number of the established BUMDES has exceeded the target, but most of BUMDES are still not operating optimally so that adequate academic studies are required to become a guide for the establishment and development of BUMDES.⁶ The stability of BUMDES' income is not always good, sometimes many problems arise in its development. Starting from issues with savings and loan business unit, to the real BUMDES business. large number of bad loans are also experienced by the majority of BUMDES, but since BUMDES carries a social mission from the government, there is no timely target for returning business capital (loan funds) as in financial institutions in general.

Problems of BUMDES are also experienced in Bangli Regency. Bangli Regency is one of the regencies in Bali Province. Bangli Regency consists of 4 (four) sub-districts, namely: Bangli Sub-District, Kintamani Sub-District, Susut Sub-District and Tembuku Sub-District. Bangli Regency consists of 68 service villages and 4 (four) sub-districts, 260 Dusun, 120 pekraman villages and 390 customary banjars.⁷ There are 48 units of BUMDES and 4 unit of joint BUMDES. Of the total available BUMDES in Bangli Regency, not all of them have legal entities. The number of BUMDES having new legal entities is 22 BUMDES and 1 joint BUMDES. Common obstacles encountered in the process of managing the BUMDES legal entity in Bangli Regency include those related to the non-fulfillment of financial accountability reports. From the results of supervision of BUMDES in Bangli Regency, problems were also found related to the management of business units which were influenced by various factors, both internal and external factors.⁸ This research is an empirical legal research. The problem approach applied in studying legal issues related to the empowering the business unit management of BUMDES is a statute approach, a theoretical approach, a conceptual approach (*conceptual approach*) and legal sociological approach. This study uses primary and secondary data. The primary data for this study is data obtained from agencies related to the development of BUMDES, namely the Community Empowerment Service of Bangli Regency.

BUMDES has the responsibility to create a good, strong and sturdy organizational structure by having professional governance and management. Good, strong and sturdy organizational structure is the key to creating good institutional governance (*good corporate governance*). The management of BUMDES with a professional legal entity is a challenge for all BUMDES administrators. The challenges and projections of building a professional BUMDES can be settled if the BUMDES management has a vision and mission which is in line with the applicable laws and regulations. BUMDES that are managed in compliance with applicable procedures and regulations will be able to increase profits for BUMDES in line with the development of the village community's economy, and will ultimately be able to increase the income and welfare of the people in the village.

BUMDES as a legal entity is required to have guidelines for professional governance and management and oriented towards improving the welfare of village communities. The governance and management of BUMDES relies on the Government Regulation Number 11 of 2021 regulating the basic principles for establishing a BUMDES.⁹ The Government Regulation concerning BUMDES is a legal umbrella for BUMDES providing guidelines for the establishment of professional BUMDES governance and management.¹⁰ There are 2 (two) problems studied, namely related to the implementation of the management of

⁴ Dodi Faedlulloh, "BUMDes Dan Kepemilikan Warga: Membangun Skema Organisasi Partisipatoris," *Journal of Governance* 3, no. 1 (2018): 1–17, <https://doi.org/http://dx.doi.org/10.31506/jog.v3i1.3035>.

⁵ Pemerintah Pusat Indonesia, "Penetapan Peraturan Pemerintah Pengganti Undang-Undang Nomor 2 Tahun 2022 Tentang Cipta Kerja Menjadi Undang-Undang" (2023), <https://peraturan.bpk.go.id/Home/Details/246523/uu-no-6-tahun-2023>.

⁶ Harjanti Widiastuti et al., "Menakar Tata Kelola Badan Usaha Milik Desa Di Indonesia," *Jurnal Ekonomi Dan Bisnis* 22, no. 2 (2019): 257–88, <https://doi.org/https://doi.org/10.24914/jeb.v22i2.2410>.

⁷ Pemerintah Kabupaten Bangli, "Kondisi Geografi," banglikab.go.id, 2018, <https://www.banglikab.go.id/page/detail/18>.

⁸ NV, "Dinas PMD Bangli Target Tuntaskan Badan Hukum BUMDes," *NusaBli.com*, 2022, <https://shorturl.at/gjuA1>.

⁹ Pemerintah Pusat, "Peraturan Pemerintah (PP) Tentang Badan Usaha Milik Desa," Pub. L. No. 11, 1 (2021), <https://peraturan.bpk.go.id/Home/Details/161841/pp-no-11-tahun-2021>.

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Village-Owned Enterprise business units in Bangli Regency and efforts to empower Village-Owned Enterprises in Bangli Regency. Based on the background, it is necessary to have a more in-depth study of BUMDES through a research entitled **Empowerment of Village-Owned Enterprises in Business Unit Management in Bangli Regency**.

2. RESULTS AND ANALYSIS

2.1. The Implementation of Business Unit Management at BUMDES in Bangli Regency

BUMDES is stated as a business entity in the form of a legal entity. A legal entity is an organization or association made with an authentic deed and it is treated as a person having the rights and obligations or is also known as a legal subject under the law. A legal entity is also interpreted as a legal subject having no form, or of which form does not look like an ordinary human being but has the rights and obligations to take legal actions like an individual person. BUMDES as a legal entity can be classified as a public legal entity. Public legal entities (*publiekrecht*) is a legal entity created in accordance with public law, namely a legal entity regulating the relationship between the state and citizens relating to public or public interests. Village Owned Enterprise (BUMDES) is formed by the Village Government under Village Regulations to utilize all economic potential, institutions, as well as potential natural and human resources in order to improve the welfare of Village community. BUMDES having the status of a legal entity has characteristics as a public legal entity such as BUMN and BUMD which have the form of Public Company (Perum) or Limited Liability (Pesero) and Regional Public Company (Perumda) or Regional Limited Liability (Perseroda).¹¹

The position of BUMDES as a Legal Entity is equivalent to BUMN at the national level and BUMD at the regional level as stipulated in the Elucidation of Article 117 of Law of Job Creation amended under Article 87 of the Village Law that the position of BUMDES as a legal entity cannot be equated with Limited Liability Companies and Cooperatives. The implications of the BUMDES status a Legal Entity include facilitating village partnerships, promoting regional potential, accelerating regional economic improvement through villages and accelerating the success of National *Sustainable Development Goals* (SDGs). The role of BUMDES is becoming increasingly important as a consolidator of community products/services, producers of various community needs, incubator of community businesses, providers of public services, and various other functions. BUMDES can also be a contributor to Village Original Income, so BUMDES can be a support for village independence in the future.

BUMDES is located in every village in all Sub-Districts in Bangli Regency. From the results of interviews with the Head of the Community and Village Empowerment Service (DPMD) of Bangli Regency, I Dewa Agung Putu Purnama, it was obtained data that Bangli Regency, which consists of 4 sub-districts and 68 villages, has 4 joint BUMDES and 68 BUMDES. The following table presents the data of BUMDES/Joint BUMDES in Bangli Regency.

Table 1. The Data of BUMDES/Joint BUMDES of Bangli Regency in 2023

No.	Sub-Districts	Joint BUMDES	BUMDES	BUMDES Not yet/in the process of becoming a legal entity
1.	Bangli	1	5	-
2.	Tembuku	1	6	-
3.	Susut	1	9	4
4.	Kintamani	1	48	21
Total		4	68	25

Source: processed from data obtained at the PMD Office of Bangli Regency.

From the table data it can be seen that all villages in Bangli Regency have BUMDES, and all sub-districts in Bangli Regency have Joint BUMDES. 4 Joint BUMDES in the Sub-District have been in the form of legal entities. Of the 68 BUMDES, 43 BUMDES already legal entity (63.24%), 3 BUMDES (4.41%) are in the process of becoming a legal entity, and 22 BUMDES have not yet carried out legal entity process (32.35%). 22 BUMDES (32.35%) in Bangli Regency, which have not yet carried out the process of registering a legal entity, have registered the name of the BUMDES and have obtained approval from the Minister of Villages, the Development of Disadvantaged Regions, and Transmigration.

The obstacles encountered by the 22 BUMDES in Bangli Regency in the process of legal entities were generally due to: *First*, there were still problems in the financial accountability report; *second*, the organizational structure of BUMDES is not in accordance with the latest regulations and has not been equipped with personal filling; *third*, the filling in ledger has not been fully done. This is based on the results of interviews conducted to Ni Nyoman Ayu Indah, ST., as a Community and Village Empowerment Expert (DPMD) in Bangli Regency. One of the requirements to register a BUMDES legal entity that has not been fulfilled is the Financial Accountability Report of the BUMDES. This has caused the Village Deliberation discussion concerning

¹¹ Amelia Sri Kusuma Dewi, "Peranan Badan Usaha Milik Desa (BUMDes) Sebagai Upaya Dalam Meningkatkan Pendapatan Asli Desa (PADes) Serta Menumbuhkan Perekonomian Desa," *Journal of Rural and Development* 5, no. 1 (2014): 1–14, <https://jurnal.uns.ac.id/rural-and-development/article/view/914>.

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the Draft of Village Regulation regarding the Formation of a Village-Owned Enterprises along with its Articles of Association and Bylaws has not been able to be implemented. The accountability report of BUMDES is an embodiment of the accountability of the BUMDES in accounting for the implementation of work program of the BUMDES in order to achieve the stipulated objectives. The obligation of BUMDES to submit an accountability report has been stipulated in Article 58 PP regarding BUMDES.

In terms of being accountable for budget management, BUMDES also needs financial reports which aim to present information regarding the financial position, budget realization, cash flow, and financial performance of an entity which is useful for users in making and evaluating decisions regarding resource allocation.¹² The financial report of a BUMDES is a document containing records of financial information and activities of the BUMDES for a certain period. The financial report of BUMDES aims to provide an overview of the financial condition, the in and out flow of money, and identify the financial performance of the BUMDES. The financial report of BUMDES is an important point in the management of BUMDES, village government, and village communities. Having transparent and accurate financial reports, BUMDES may monitor financial performance and make better decisions for the sustainability and development of businesses in the village.

One important thing in managing BUMDES is that transparent management and reporting is needed for the government and the community.¹³ BUMDES operational administrators have the obligation to prepare financial reports for all business units of the BUMDES. By making financial reports, BUMDES administrators can find out the financial position of the BUMDES. Financial reports can be a source of information for decision making, and a form of transparency and accountability of BUMDES administrators in managing finances. Through financial reports, you can also find out the performance of BUMDES administrators related to financial management. Having financial reports can generate public trust in the performance of BUMDES administrators. The Financial Statements can also be used to attract new investors. BUMDES having problems in their Financial Accountability Reports will be given guidance by the Village Government to find the root of the problem and provide a solution to solve it. The Village Consultative Body (BPD) has a role in evaluating the performance of BUMDES. In the event that the Village Government and BPD are unable to resolve the BUMDES issue, guidance will be carried out by the Village Community Empowerment Service of Bangli Regency, and if successful, then it will be carried out prosecution by the Regional Inspectorate of Bangli Regency. If any indication of financial misuse is found, it will be followed up pursuant to the applicable legal process. It was conveyed by Ni Nyoman Ayu Indah, ST., Community and Village Empowerment Expert (DPMD) of Bangli Regency.

One of the efforts to achieve the goal of establishing BUMDES is to improve the performance of the BUMDES.¹⁴ The existence of BUMDES in accordance with the provisions of Article 3 PP BUMDES, one of which aims is to carry out economic business activities through business management, as well as investment development and economic productivity, and village potential. As a business entity in the form of a legal entity, BUMDES can carry out economic business activities through business management. The business of BUMDES is an activity in the field of economy and/or public services managed independently by BUMDES. The Business Unit of BUMDES is a business entity owned by Village-Owned Enterprises carrying out activities in the economic sector and/or public services having legal status carrying out the functions and objectives of BUMDES. The Business Units of BUMDES may run businesses both in financial sector in the form of microfinance institutions and in other real sectors in accordance with statutory provisions. Article 50 of Government of Regulation concerning BUMDES confirms that in order to obtain financial benefits and provide benefits to the community, business units of BUMDES/Joint BUMDES can carry out activities:

- a. management of natural, economic, cultural, social, religious, knowledge, skills, and ways of life based on local wisdom in the community;
- b. processing industries based on local resources;
- c. distribution and trading network;
- d. financial services;
- e. public services priority for basic needs including food, electrification, sanitation, and housing;
- f. intermediaries of goods/services including distribution and agency; and
- g. other activities complying with eligibility.

¹² Farid Madjodjo and Fadli Dahlan, "Analisis Kinerja Badan Usaha Milik Desa Dalam Pengelolaan Anggaran Untuk Meningkatkan Pengolahan Potensi Desa Di Desa Akedotilou," *Indonesia Accounting Journal* 2, no. 2 (2020): 187–95, <https://doi.org/https://doi.org/10.32400/iaj.31055>.

¹³ Hillalliatun Febryani et al., "Keberadaan Badan Usaha Milik Desa (BUMDes) Sebagai Penguatan Ekonomi Desa Abiantuwung," *Jurnal Ilmiah Akuntansi Dan Humanika* 8, no. 1 (2018): 95–103, <https://doi.org/https://doi.org/10.23887/jinah.v8i1.19865>.

¹⁴ Ni Kadek Sinarwati and Made Aristia Prayudi, "Kinerja Badan Usaha Milik Desa Dan Kontribusinya Bagi Pendapatan Asli Desa," *Jurnal Ilmu Sosial Dan Humaniora* 10, no. 3 (2021): 505–18, <https://doi.org/https://doi.org/10.23887/jish-undiksha.v10i3.37931>.

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In general, types of businesses that can be developed by BUMDES consist of three, namely the service sector, the real sector, and business development and assistance services.¹⁵ Included in the service sector in this case are financial services, freight transport services, hand tractor rental, village tourism, clean water management, basic food trade and many more. The Directorate General of PPMD, Kemendesa PDDT is currently promoting the village market management to be managed by BUMDES, as one of the service sectors. The real sector is also expected to grow and develop in the village in the future, such as processing agricultural products, fisheries, animal husbandry, crafts and the provision of production raw materials for villagers.

Most of the business types of BUMDES in Bangli Regency are engaged in service business sector and the real sector. Based on the data obtained from the PMD Service of Bangli Regency, it can be seen that the types of businesses of BUMDES in Bangli Regency include businesses of: savings and loans, shops, trade, village market, drinking water management, agricultural production facilities provider, animal husbandry, tourism/tourist attractions, mixer rental, printing, photocopying, waste management, and production inputs. Of the various types of BUMDES businesses, the superior one to all BUMDES Business and running effectively is savings and loan business. Based on the results of an interview with Ni Nyoman Ayu Indah, ST., Community and Village Empowerment Expert (DPMD), it can be seen that there are other types of businesses managed by BUMDES in Bangli Regency that are not running effectively/optimally. This is caused by several factors namely; *First*, limited capital owned so it affects to the business development becomes hampered; *Second*, the skills/skills possessed by the Human Resources (HR) of BUMDES are not in accordance with the business unit being managed, therefore it affects to the continuity of the management of the business unit; *Third*, the decision of the business units of BUMDES is not accompanied by an in-depth analysis related to village potential so that many business units are ineffective.

The solution to overcome this problem is that BUMDES managers should be able to seek access to capital and capital from third parties. So far, the sources of funds for BUMDES in Bangli Regency came from: Gerbang Sadu program (Provincial Level), Village Budget (ADD/DD funds/other sources), and assistance from central government (Gerbang Desigop). BUMDES development can also be carried out in various ways, namely by having Collaborative Governance in carrying out investments by involving the government, private sector, community, and Non-Government Organizations (NGOs) as well as in collaboration with third parties or other business entities.¹⁶ One of the efforts to achieve the goal of establishing BUMDES is to improve the performance of the BUMDES.¹⁷ Improving the capacity of human resources in the management of BUMDES can be carried out through training activities. The management of BUMDES needs to review the managed business units by conducting an in-depth analysis of the village's potential to be developed into business units. BUMDES activities in socializing to the community about the importance of business development in improving the village economy is carried out regularly.

The Regional Government of Bangli Regency through the Village Community Empowerment Service (PMD) of Bangli Regency has targeted that for the past two years all Village-Owned Enterprises (BUMDes) in Bangli Regency have legal status.¹⁸ Having legality as a Legal Entity, BUMDES will find it easier to establish business cooperation with other parties and partner equally, access capital, develop business units, and provide public services. Various opportunities for cooperation, capital, and business expansion are open to the widest possible extent for BUMDES that already have Legal Entity status. The government continues to take various measures to invite investors to develop village-owned enterprises (BUMDES). One of them is by collaborating with the Ministry of Investment/Investment Coordinating Board.

2.2. Efforts to Empower the Management of Village-Owned Enterprise in Bangli Regency

BUMDES has an important role for the economy of the village government to improve the welfare of its residents. The purpose of establishing BUMDES is to increase Village Original Income (PADes).¹⁹ If it is properly managed, it will have a big impact on village economic growth. Through good governance (*good corporate governance*), BUMDES are expected to be professionally, and independently managed, and have good working networks with various parties, therefore they can become a rural economic power towards an independent and autonomous village. This is in line with the goals of the welfare state. In a

¹⁵ Suparji, *Pedoman Tata Kelola BUMDes* (Jakarta: UAI Press, 2019), <https://shorturl.at/diHJO>.

¹⁶ Ayi Yayan Sofyan, Ipah Ema Jumiati, and Delly Maulana, "Implementasi Good Governance Badan Usaha Milik Desa (BUMDes) Di Desa Sukalaksana Kecamatan Samarang Kabupaten Garut," *SAWALA - Jurnal Administrasi Negara* 10, no. 2 (2022): 292–308, <https://doi.org/https://doi.org/10.30656/sawala.v10i2.5723>.

¹⁷ *Ibid*

¹⁸ NV, "Dinas PMD Bangli Target Tuntaskan Badan Hukum BUMDes," *NusaBali.com*, 2022, <https://shorturl.at/sxMP1>.

¹⁹ Zulkarnain Ridwan, "Urgensi Badan Usaha Milik Desa (BUMDes) Dalam Pembangun Perekonomian Desa," *Fiat Justisia: Jurnal Ilmu Hukum* 8, no. 3 (2014): 424–40, <https://doi.org/https://doi.org/10.25041/fiatjustisia.v8no3.314>.

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welfare state, the state or government is not solely the guardian of security or public order, but it is the main bearer of the responsibility for realizing social justice, general welfare and the greatest prosperity of the people.²⁰

The management of BUMDES as a legal entity is adjusted to corporate principles in general, but still places the spirit of kinship and mutual cooperation as the main pillars in its management. The main principles of BUMDES management have been regulated in Article 4 Government Regulation concerning BUMDES, that the management of BUMDES/Joint is carried out based on the spirit of kinship and mutual cooperation with professional principles: open and responsible, participative, prioritizing local and sustainable resources. The spirit of kinship is the habit of village community members as part of a large family unit of the village community and is not a spirit of nepotism kinship. In carrying out its business, BUMDES prioritizes the welfare of the community as a whole, not the welfare of individuals. The spirit of mutual cooperation is the habit of helping each other to develop the Village.

The spirit of kinship and mutual cooperation is manifested in a real way by placing the Village Deliberation as the highest organ in decision making for BUMDES, and Village Deliberation decisions are taken based on deliberations to reach consensus. Village Deliberation is a forum for deliberations between the Village Consultative Body, Village Government, and elements of community to deliberate and agree on strategic matters in Village Government Administration. Therefore, Village Deliberation becomes a real manifestation of democracy in the Village economy, and welfare of the community as a whole will remain the main objective of BUMDES, not just the welfare of each individual. The professional principle referred to is governance that is carried out in accordance with the existing rules and conducted by actors having adequate abilities and competencies. Having the capital channeled by the Village Government to be managed by the Village community, it is necessary to have the participation or initiative of the Village community in running a Village-Owned Enterprise to create a solid Village with the cooperation between Village government and the community.²¹ The details of apparatus of the Village-Owned Enterprise Organization are regulated in the Government Regulation concerning BUMDES which consists of the Village Deliberation, advisers, operational organizers, supervisors, authorities and duties of each Village-Owned Enterprises Organization, work procedures and relationships between the Village-Owned Enterprise Organization, as well as provisions to ensure BUMDES organizational apparatus can carry out their duties and authorities in a professional, efficient and effective, and accountable manner. The principle of openness means that the management of BUMDES can be monitored by the public/community. Data and information on BUMDES management are easily accessible and displayed at any time and opportunity. The principle of responsibility referred to is that all activities should be technically and administratively accounted for.

BUMDES as a business entity owned by the Village and all of its executives should be responsible to the Village community. As a public-owned (village-owned) business entity, BUMDES management must comply with the provisions regarding public liability (public accountability). Public liability or public accountability is accountability for the actions and decisions of chairmen/managers of public sector organizations to the parties having interests (*stakeholders*) and society. Accountability is a key word in good governance and corporate governance. Accountability contains the obligation to present and report all activities, especially in the field of financial administration, to a higher party. Accountability can be implemented by providing access to all interested parties, asking questions or holding accountable decision makers and executives at the program, regional and community levels. The participatory principle means providing opportunities for community participation in the process of establishing and managing a Village-Owned Enterprise, both in the form of statements and in the form of activities by providing input of thoughts, energy, time, expertise, capital or materials, and taking part in utilizing and enjoying the results. All components involved in the management of BUMDES are required to provide voluntary or unsolicited support and contributions to improve the businesses BUMDES. The principle of prioritizing local resources is that in carrying out their business, BUMDES should utilize natural resources and human resources from the local village. The sustainable principle in question is that the community develops and preserves business activities within the BUMDES. The development of BUMDES is expected to be able to meet the needs of the village community in the present without prejudice to the ability of future village generations to meet their needs.

The spirit and main principles of BUMDES management are applied as a guideline and basis for BUMDES management in Bangli Regency in running their business. In practice, however, there are still various weaknesses, especially related to the professionalism of Human Resources in managing business units and the accountability of BUMDES so, the impact on good governance has not been fulfilled. To optimize the existence and performance of BUMDES, efforts to empower BUMDES are required. Efforts to empower Village-Owned Enterprise can be carried out through BUMDES coaching and development program. The guidance and development of BUMDES as stipulated in Article 23 Government Regulation concerning Village-

²⁰ Fajlurrahman Jurdi, *Teori Negara Hukum* (Malang: Setara Pres, 2016), <https://library.umy.ac.id/koleksi/view/94738/Teori-Negara-Hukum>.

²¹ Nanang Bagus, "Strategi Pengembangan Badan Usaha Milik Desa (BUMDes) Atas Kerjasama Badan Usaha Milik Swasta," *JISIP: Jurnal Ilmu Sosial Dan Ilmu Politik* 9, no. 2 (2020): 98–101, <https://doi.org/https://doi.org/10.33366/jisip.v9i2.2226>.

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Owned Enterprises (PP BUMDeS), include general guidance and development as well as technical guidance and development carried out in a synergistic and coordinated manner. Guidance and general development referred to include data collection and ranking, monitoring, preparation of policy support, supervision, evaluation, human resource development, institutional development and organizational management, as well as other development activities. Technical coaching and development referred to include technical building related to accelerating capital development, capital assistance, business development and/or village-owned enterprises services, financial management technical coaching, increase of business and trade scale, industrial business development, as well as other coaching and development activities.

The purpose of coaching BUMDES is to achieve effective and efficient organizational planning, management, implementation and monitoring systems. To expand the coaching strategy, development activities are required through human resource development, business development, marketing network development, capital development, and increase of participation of BUMDES stakeholders with integrated programs or activities. Coaching and development of BUMDES can be carried out through various activities, including: Additional Village-Owned Enterprise Capital, Building/Office Infrastructure Procurement, Human Resource Training, management training for administrators and supervisors, Financial Management Training, Management Training, BUMDES SOPs Preparation, Development of Cooperation/Business Partnership networks, Financial Report Preparation Training, Use of digital and media in the development of BUMDES business units, as well as BUMDES Business Unit Development Strategy Training.

In order to make the obligation to submit BUMDES Accountability Reports effective, monitoring, supervision and control over the BUMDES activities are carried out. Assistance for underdeveloped BUMDES and BUMDES which tends to go bankrupt requires to be carried out intensively. Coaching and capacity building of village apparatus as well as village assistance in managing village funds, provision of competency training to oversee allocated village funds in establishing and operating BUMDES including Planning, Management, Administration, Reporting and Accountability also require to be carried out. Based on the results of an interview with I Dewa Agung Putu Purnama, S.STP., Head of the Community and Village Empowerment Office (DPMD) of Bangli Regency, it can be seen that the Village Community Empowerment Service of Bangli Regency has made various efforts in the context of empowering BUMDES, including through:

1. Exploration and analysis of the potential that exists in the village to be developed into the village's leading business opportunity.
2. Increasing the capacity of BUMDES administrators and supervisors, by providing training or *capacity building* to improve the quality of human resources so, they are competent and professional in carrying out their duties and responsibilities. The training provided is in the form of financial management training, which includes: administration, bookkeeping and financial statement; and
3. Addition to village-owned enterprise capital and establishing cooperation/business partners with other parties to access capital.
4. Intensifying the legal status of BUMDES to be more flexible in managing its business activities, to ease to gain access to capital to accelerate the economic development of rural communities.

Village Community Empowerment Service of Bangli Regency has conducted intensive supervision in addition to the oversee carried out by the BUMDES internal supervisor. It has been stipulated in Article 15 of PP BUMDES that BUMDES supervisors are part of the BUMDES management. One of the authorities of the BUMDES Supervisor as stipulated in Article 31 paragraph (1) point f of PP BUMDES is upon the order of Village Deliberations/ Inter-Village Deliberations, to carry out and report investigative audits in the event of indications of mistake and/or negligence in the BUMDES/Joint BUMDES management having the potential to harm them. Furthermore, in point g, it is stated that the authority of the BUMDES Supervisor is to examine the books, documents and business implementation of the BUMDES/Joint BUMDES.

Continuous monitoring of the Village Community Empowerment Service in Bangli Regency is carried out by checking each BUMDES. From the monitoring results, it can be seen that some of the problems encountered in the management of BUMDES, therefore, the Village Community Empowerment Service of Bangli Regency deems it necessary to provide assistance in overcoming the problems faced by BUMDES. BUMDES supervision is an instrument that can be used to prevent non-compliance of BUMDES in submitting Accountability Reports. The results of the BUMDES supervision can be used as a basis for consideration in determining further work program plan of BUMDES. If it is found any indication of financial misuse and contains a criminal element from the results of supervision, then it can be followed up with a criminal process in accordance with the provisions of the applicable laws and regulations.

Improving institutional quality is carried out by making SOPs (Standard Operating Procedures) for the BUMDES containing rules of work process with measures to be standardized and becoming a reference to be implemented to achieve the goals of the BUMDES. The following measure is the need to develop and design BUMDES governance indicators based on the principles of good governance (*good corporate* and *government governance*). The set-up of Standardization of Governance for BUMDES Management through the Joint Secretariat (Ministry of Home Affairs, Ministry of Finance and Ministry of Villages, Disadvantaged Regions and Transmigration) and the Requirement for Formulation and Determination of Village Financial

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Accounting Standards, BUMDES and Integration of Village Finance Applications with the Computer-based BUMDES Application.²²

The current empowerment of BUMDES is required to anticipate demands for BUMDES ranking as a benchmark for BUMDES performance. The ranking can be interpreted as the estuary of the legal aspects and BUMDES business processes. With the existence of ranking, it is expected that BUMDES can develop more in accordance with the measurement indicators, namely the advanced and developing classification. Since the enactment of PP Number 11 of 2021 which has been running for 2 years, the journey BUMDES has not contributed optimally as a professional business entity and can have a significant impact on the regional original income (PAD). In addition, *roadmap* of BUMDES revitalization, capital, lack of capacity building for Human Resources, as well as instructions for using the BUMDES application are things that are frequently asked about. Rating is expected to be a strategy for the development of BUMDES, especially in business processes and digitizing BUMDES, since *Value for Money* from the Village Fund depends on the development of BUMDES as a business entity in the Village. Business principles should be carried out by the village government in order that BUMDES is able to contribute to the village government and also most importantly the village community.²³ Socialization and training as well as mentoring are also important aspects that can have implications for the development and improvement of the quality of BUMDES so, it can accelerate the economic improvement of rural communities.

3. CONCLUSION

1. Bangli Regency consisting of 4 sub-districts and 68 villages, has 4 Joint BUMDES and 68 BUMDES. 4 Joint BUMDES in the Sub-District have been in the form of legal entities. Of the 68 BUMDES, 43 BUMDES have the status of legal entity (63.24%), 3 BUMDES (4.41%) are in the process of becoming a legal entity, and 22 BUMDES have not yet carried out the process of being a legal entity (32.35%) but have registered the names and obtained approval from the Minister of Villages, Development of Disadvantaged Regions, and Transmigration. The obstacles encountered by the 22 BUMDES in Bangli Regency in the process of legal entities were generally caused by: *First*, there were still problems in the financial accountability report; *second*, the organizational structure of BUMDES is not in accordance with the latest regulations and has not been equipped with personal filling; *third*, the filling in ledger has not been fully done. Most of the business types of BUMDES in Bangli Regency are engaged in service business sector and the real sector. Of the various types of BUMDES businesses, only savings and loan businesses are running effectively. The types of business that have not been running effectively/optimally are caused by several factors, namely, *first*, limited capital; *second*, skills/capability of Human Resources (HR) are not yet in accordance with the business unit being managed; and *third*, determination of business units that are not accompanied by an in-depth analysis of village potential.
2. Efforts to empower BUMDES in Bangli Regency are related to obstacles in the legal process of BUMDES and the ineffective management of BUMDES business units through BUMDES coaching and development by exploring and analyzing potentials to be developed into superior village business opportunities, capacity building of Human resources in the form of financial management training, additional capital through establishing cooperation/business partners with other parties, and intensifying the legal status of BUMDES to more flexible in managing their business activities and to ease in gaining access to capital to accelerate the economic development of rural communities.

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