


ORIGINAL ARTICLE

The role of village-owned enterprises in achieving sustainable development goals (SDGs) in Wajo Regency

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Abstract

Village Sustainable Development Goals (SDGs) is a sustainable development effort that contains eighteen goals that touch all aspects of life, including village economic growth. Village-owned enterprises (BUMDes) are instruments used to improve economic development and village welfare. This study discusses how the role of BUMDes in achieving the 8th village SDGs goal, namely equitable village economic growth. This study aims to find out how the implementation and management of BUMDes in achieving Village SDGs and factors that influence the role of BUMDes in achieving the 8th Village SDGs goal in Gilireng District. The research type was descriptive qualitative, which collected data from observations, interviews, literature studies, and documentation studies. The study reveals that the contribution of BUMDes in increasing Village Original Income (PAD) has not been optimal, and BUMDes have not been able to provide job opportunities for rural communities. BUMDes in Gilireng District have not been able to encourage the achievement of Village SDGs because they were influenced by several factors: the human resources competency that remains limited and external conditions such as economic and political factors. However, BUMDes in Gilireng District has the potential and opportunity to become pillars of village economic development. Therefore, it is crucial for the relevant government to step in and improve the qualifications of BUMDes managers in the Gilireng District.

Keywords

BUMDes, sustainable development goals (SDGs), village SDGs, village economy, Indonesia

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1 | INTRODUCTION

The current development programme launched by the government is the Village Sustainable Development Goals (SDGs) by the Ministry of Villages, Development of Disadvantaged Regions and Transmigration (Kemendes PDTT). This programme is a modification of the global SDGs concept with 18 main goals, including creating a quality life scheme that refers to local adaptation to facilitate the measurement of development results, benefits, and impacts. In the Regulation of the Minister of Village PDTT Number 21 of 2020 concerning General Guidelines for Village Development and Village Community Empowerment, it is explained that rural development is development carried out between villages in the fields of business development, community activities, services, community empowerment development, security and order. In addition, it is also explained that the Village SDGs are the direction of development policies and village community empowerment.

The presence of village SDGs is intended for the development and growth of the community's economy, as well as the main component to empower the community so as to create decent employment opportunities. One of the government programmes that encourage the achievement of village SDGs goals is the existence of Village-Owned Enterprises (BUMDes). BUMDes is a policy strategy formed by the government to develop villages through economic development in the village. BUMDes is a legal entity established by the village and/or together with villages to manage businesses, utilise assets, develop investment and productivity, provide services, and/or provide other types of businesses for the greatest welfare of the village community. BUMDes is a means of local economic empowerment with various types according to the potential of the village. This capacity building aims to improve the economy and welfare of villagers through economic business development.

BUMDes is formed and promoted by the village government, and its management is done by the village government in collaboration with the community. Based on data from the official website of the Ministry of Villages, there are 47,175 BUMDes and 4,210 BUMDes, so nationally, the number of BUMDes in Indonesia is 51,385 or 61.3% of the current number of villages in Indonesia, which is 83,843 villages.

Wajo Regency is one of the regions that has made the establishment of BUMDes in every village a priority programme. The Wajo District Government, through the Community and Village Empowerment Office (PMD), continues to innovate to encourage community welfare through the development of BUMDes in all villages. BUMDes are expected to be able to help improve the economy and village original income (PAD) and can improve the management of village potential according to community needs. Currently, the number of BUMDes recorded in the village information system is 139 BUMDes. The number of BUMDes in Wajo Regency is growing very rapidly; this is due to the policy of the Wajo Regency PMD Office, which encourages villages to form BUMDes in order to become a pillar of economic development and welfare in the village itself. Currently, BUMDes in Wajo Regency has run more than 200 types of businesses, including savings and loan businesses, rental of party equipment and equipment, trade, agriculture, manufacturing, laying hens, services and other types of businesses.

Gilireng district is one of the sub-districts in Wajo Regency related to BUMDes; each village in Gilireng district has its own BUMDes. BUMDes can be an effective tool to support the achievement of several Village SDGs goals. Several village SDGs can be achieved through the development of BUMDes, one of which is equitable village economic growth. However, as an instrument used to improve economic development and village welfare, BUMDes in villages in the Gilireng district itself is still not optimal in carrying out its role.

Table 1. List of BUMDes in Gilireng district.

No.	BUMDesa	Status	Type of business
1	Polewalie	Developing	Finance (SPP)
2	Lamata	Developing	Chair and tent rental
3	Arajang	Developing	Savings and loan, trade
4	Paselloreng	Developing	Trade, brown rice

5	Abbatireng	Developing	Savings and loans, buying and selling refillable drinking water packages
6	Alausalo	Developing	selling stationery, refillable water depot
7	Poleonro	Not developed	

Source: Wajo Regency Community and Village Empowerment Service, 2023.

Based on this table, it can be seen that the types of businesses run by each BUMDes in the villages in the Gilireng district are still minimal. The lack of types of businesses run by BUMDes is caused by the performance of BUMDes managers, so they do not have innovations in BUMDes development.

Referring to the role of BUMDes, namely encouraging economic growth in the village through empowering the village economy by increasing Village Original Revenue (PAD), improving village welfare and managing the potential of village natural resources, it is certainly difficult to achieve if BUMDes managers are unable to analyse the advantages and disadvantages of BUMDes itself. In addition, the success of BUMDes is not only influenced by the management capabilities of BUMDes but also related to the capital used to operate the BUMDes itself. In accordance with Murwadji's view (2017), BUMDes management has two obstacles, namely performance and financial constraints. In addition, the obstacle to BUMDe's performance is the limited knowledge of the community to run a business/business professionally.

The capital for BUMDes as stipulated in the law can be sourced from the village fund allocation so it depends on each village's policy. In the Village Minister Regulation No. 7 of 2021 on the Priority Use of Village Funds, it is explained that village funds are used to establish and develop BUMDes, so village governments must allocate Village Funds for BUMDes management.

2 | METHODS

The research method that the author uses in this research is descriptive research with a qualitative approach. Qualitative descriptive research aims to describe, illustrate, explain, and answer in more detail the problems to be studied by studying as closely as possible an individual, a group or an event. This research was conducted in Gilireng district, Wajo Regency, focusing on data from Paselloreng Village, Lamata Village and Polewalie Village.

The data used in this research are primary data and secondary data obtained using data collection techniques of observation, interviews, literature studies and documentation studies. The data analysis technique in this research is carried out carefully, where the data is selected using descriptive data analysis techniques, namely data that has been collected both primary and secondary. Then, conclusions are drawn as answers to the problems studied. Data processing is done through data reduction, data presentation, conclusion and data verification.

3 | RESULTS AND DISCUSSION

3.1 | The Role of Village-Owned Enterprises and SDGs

Law No.6/2014 on Villages explains that village development is 'an effort to improve the quality of life and living for the greatest welfare of the village community'. The purpose of village development is to advance the economy of rural communities and reduce the development gap. One of the government's integrated efforts in equalising village development is the Village Sustainable Development Goals (SDGs). The Village SDGs contain 18 goals from all aspects of life that become a reference in encouraging sustainable development in the village, including village economic development.

According to the Minister of Villages, Disadvantaged Regions, and Transmigration Regulation No. 8 of 2022 on Priorities for the Use of Village Funds in 2023, village funds are prioritised for activity programmes to accelerate the achievement of the Village SDGs about National economic recovery in accordance with Village authority;

National priority programmes in accordance with Village authority; and Mitigation and handling of natural and non-natural disasters in accordance with Village authority.

The use of Village Funds for national economic recovery in accordance with Village authority as referred to in Article 5 paragraph (2) letter a includes Establishment, development, and capacity building of Village-owned enterprises/joint Village-owned enterprises; Development of productive economic businesses that are prioritised to be managed by Village-owned enterprises/ joint Village-owned enterprises; and Development of tourism villages. The use of Village Funds for national priority programmes in accordance with Village authority, as referred to in Article 5 Paragraph 2 Letter B, includes improvement and consolidation of Village SDGs data and data collection on village development through the village development index. Plant and animal food security; Prevention and reduction of stunting; Improving the quality of human resources of villagers; increasing overall community involvement in the development and empowerment of village communities; expanding access to health services.

The 8th Village SDGs are intended to achieve village economic growth accompanied by equitable distribution of development results. Village SDGs goal 8 is one of the goals that can be achieved by utilising BUMDes. BUMDes is one of the instruments that can be used to encourage village development, grow the village economy, and increase Village Original Revenue (PAD).

BUMDes business, as a step to utilise various types of local economic potential, aims to improve the community's economic welfare through village economic business activities. In line with the 8th Village SDGs goal of equitable village economic growth, BUMDes is expected to make a positive contribution to the increase in village own-source revenue (PAD), which can encourage equitable development in the village, open employment opportunities for the community, which is expected to reduce unemployment in the village and open economic opportunities that can improve the welfare of rural communities.

BUMDes is a pillar of economic activity in the village that functions as a social and commercial institution. The development of village community welfare requires a strategy that is in accordance with regional conditions, covering all aspects of the potential of the region or village. The legal basis of BUMDes is regulated in Law No. 6/2014 on Villages Article 72 paragraph (1) letter a, which states that the village's original income consists of business results, asset results, self-help, participation, *gotong-royong* and other village income. Based on this, what is meant by original village income is income derived from village authority based on the right of origin and village scale authority.

Basically, BUMDes is a form of stabilising or strengthening rural economic institutions, empowering the local economy, which has various potentials. The purpose of establishing BUMDes is to increase the village's original income. This point of view encourages the establishment of BUMDes by every village government in each region.

The contribution of BUMDes in increasing Village Original Revenue in several villages in Gilireng District, Wajo Regency, is still less than optimal. Based on data obtained from Paselloreng Village, Lamata Village and Polewalie Village, the results of each BUMDes that become village income are still relatively low when compared to the budget/capital spent. Based on the results of interviews conducted, the reasons for the lack of BUMDes income to the village treasury are the minimal number of business units managed and the lack of ability of BUMDes managers to develop the potential owned by BUMDes itself.

The following is data on the Original Village Revenue (PAD) of Paselloreng Village, Lamata Village and Polewalie Village for the last three years.

Table 2. Number of BUMDes in Gilireng district.

Name of Village	Type of Business	Original Village Revenue (PAD) in IDR		
		2020	2021	2022
Desa Paselloreng	Trade, red rice	-	940.000	1.000.000
Desa Lamata	Chair and tent rental, savings and loans	3.582.500	336.600	577.000
Desa Polewaie	Savings and loans	2.721.497	1.462.192	3.317.760

Source: Official Report of Paselloreng, Lamata, and Polewalie BUMDes, 2023.

Based on this data, the role of BUMDes as a pillar of village economic development in Paselloreng Village, Lamata Village and Polewalie Village is far from optimal. The obstacles faced by BUMDes in these three villages lie in the creativity of BUMDes managers in running business units and utilising the capital provided.

The low rate of Village Original Income (PAD) challenges BUMDes administrators in managing their businesses. Therefore, the local government, especially the Community and Village Empowerment Office (PMD) and the local village government, must provide training or coaching to BUMDes administrators to improve their competence in managing and developing the BUMDes.

One way to reduce the unemployment rate is through equitable development. As a form of government support for economic development in the village, the government established a Village-Owned Enterprise (BUMDes). BUMDes is intended to be a forum for the village government and its citizens to implement economic empowerment programmes at the village level proportionally. One of the objectives of BUMDes is to reduce unemployment in the village, so BUMDes are expected to be able to absorb labour in the village. The majority of the population in the Gilireng district, especially Paselloreng Village, Lamata Village and Polewalie Village, work as farmers, both farmers with their own land and farm labourers. Until now, there are still no new jobs that can absorb the existing workforce in the village.

Basically, BUMDes have the potential to provide employment opportunities for the community, but this depends on the management of capital and business units. The greater the capital investment of the BUMDes and the more business units it runs, the more opportunities for employment. However, in Paselloreng Village, Lamata Village, and Polewalie Village, the number of business units run by each BUMDes is still minimal. BUMDes in these villages only operate one to two business units, so their management cannot absorb labour. In addition, the lack of understanding regarding the working system and wages for BUMDes employees is also a cause of the lack of community interest in participating in BUMDes management.

Table 3. Number of BUMDes in Gilireng district

Name of Village	Manager
BUMDesa Paselloreng	Satria hidayah
	Andi Alfiah
	Huridamayanti
	H. Mahyudin
BUMDesa Lamata	Junaedah,S.Pd
	Nurmilasari
	Andi Devi Tamalasari, S.Pd
	H. Meri
BUMDesa Polewaie	Sundari, SE
	Nurul Amelia
	Firman, S.Pd

Monika

Source: Official Report of Paselloreng, Lamata, and Polewalie BUMDes, 2023.

All parties should evaluate BUMDes's less-than-optimal role in absorbing labour. BUMDes administrators must be able to develop the business units they run. In addition, intervention from the village head as the advisor and BPD as the supervisor of BUMDes is also needed to oversee BUMDes's role as an employment provider in the village.

3.2 | Village Economic Opportunities

The establishment of BUMDes is not solely for economic gain or profit but also for other social and non-economic benefits. Village governments can establish BUMDes according to the needs and potential of the village. In addition to contributing to increasing Village Original Revenue (PAD) and creating jobs, BUMDes are also expected to be able to open up economic opportunities for the community. The role of BUMDes in assisting the community in improving the community's economy can be seen from the types of businesses run by the BUMDes.

BUMDes run in Lamata Village and Polewalie Village have been quite influential in opening up economic opportunities in the village. Through the type of BUMDes savings and loan business that can provide capital for the local community to start a business or develop their business. This type of business is expected to be able to free the community from loan sharks or moneylenders who provide high interest rates so that many people are in debt.

The success of the savings and loan business unit was not followed by other types of businesses. Paselloreng Village, which runs a brown rice business unit, has not been able to contribute to the community. However, it was stated by the Head of the Village Economic Development and Business Division of the Wajo District Community and Village Empowerment Office, Mr H. Syamsu Alam, that the brown rice business in Paselloreng has great potential and opportunities to help the village economy. BUMDes Paselloreng managers can collaborate with the private sector for marketing. However, this was not done because the Paselloreng BUMDes manager was still unable to produce brown rice in large quantities.

4 | CONCLUSION

Based on the results of research on the role of BUMDes in achieving Village SDGs in Gilireng District, Wajo Regency, the following conclusions are obtained. The role of BUMDes in achieving Sustainable Development Goals (SDGs) of Villages in Gilireng district (Paselloreng Village, Lamata Village and Polewalie Village) First, its role in increasing village own-source revenue (PAD) is already underway but is still minimal. This is due to the lack of ability of BUMDes managers to develop existing businesses and utilise the capital provided. Second, the role in creating jobs for the community is still not optimal; BUMDes in Paselloreng Village, Lamata Village, and Polewalie Village are still unable to absorb labour due to the lack of types of businesses being run and the lack of interest from the village community to become BUMDes managers. Third, the role in opening economic opportunities for the community has been running through the savings and loan business, but it still needs to be improved.

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Disclosure Statement

The author declares that (s)he has no relevant or material financial interests that relate to the research described in this paper.

Data Availability Statement

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

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