



## **The role of village-owned enterprises in empowering the economy of the Garung Village Community Pulang Pisau Regency**

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### **Abstract**

This research focuses on efforts to empower the community economy by involving the role of BUMDes (Village-Owned Enterprises) in Garung Village, Pulang Pisau Regency. BUMDes, as an institution initiated by the government, has great potential to advance the local economy through its various businesses. Through capacity building and utilization of regional resources, BUMDes can significantly contribute to the welfare of village communities. The purpose of this research is to explore more deeply how BUMDes plays its role and the resulting impact in the context of economic empowerment of the Garung Village community.

*Keywords: BUMDes, economic empowerment, garung village, local economy, local resources*

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### **Introduction**

The success of the development process in Indonesia cannot be separated from the involvement of village residents (Zakiyah & Giovanni, 2024). Rural areas play a role as the spearhead in establishing national stability. So, to achieve optimal national development, village governments strive to implement various approaches, both systematic and dynamic (Prayitno et al., 2023). The village government also formed BUMDes (Village-Owned Enterprises), which consisted of village residents, to strengthen the village economy. BUMDes is included in the government strategy program in village regulations in Law No. 6 of 2014. BUMDes is a commercial and social institution that provides economic activity for rural communities (Wahyuningtyas, 2021).

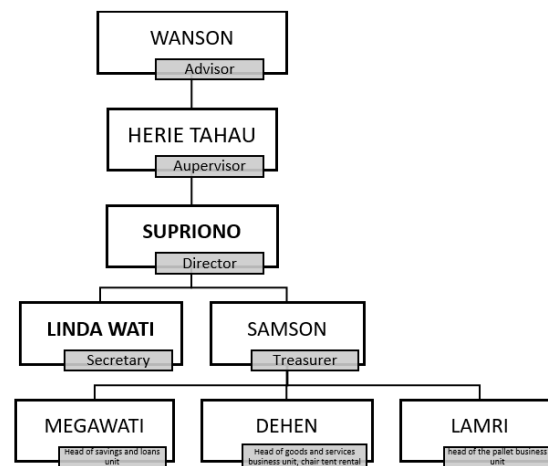
BUMDes (Village-Owned Enterprises) was established in Garung Village, Jabien Raya District, Kab. Pulang Pisau was held on March 21 2017. The decree that became the basis for establishing this BUMDes was Garung Village Regulation No.5 of 2017, which also regulates the implementation of BUMDes. Based on Village regulations in Law No. 6 of 2014, it is explained that villages are given the authority to empower and develop the community, carry out village development, and organize village government (Ihe, 2023). One of the permits the village government can carry out to improve the village community's economy is establishing BUMDes (Village-Owned Enterprises).

The purpose of establishing BUMDes Garung has several objectives, including improving the management of village potential, which is aligned with community needs, maximizing village income, fostering community creativity in a productive economy through entrepreneurial activities, and developing village community activities. The role of BUMDes (Village-Owned Enterprises) is not only in the economic sector but also in the social sector (Mariamah & Suastika, 2022). As an economic pillar in the village, BUMDes has two leading roles: providing social services for village communities, including social support to community members, and making a profit by offering local products to the market. BUMDes has two main principles, namely effectiveness and efficiency (Nurhannis et al., 2023).

Apart from its role as a social and commercial institution, BUMDes also functions as an economic institution that meets community needs (Maddatuang et al., 2021). The role of social volunteers in BUMDes includes change promoters, intermediaries, educators, experts, and social planners (Widyastuti & Kusumawati, 2024). Garung Village, located in Jabiren Raya District, Pulang Pisau Regency, Central Kalimantan, has also formed a BUMDes to fulfill village development tasks by helping communities in the area. BUMDes in Garung Village was established on March 21, 2017. BUMDes should also set aside 15% of profits each year for the Village Treasury. BUMDes activities include the Savings and Loans Business Unit (SPP), renting tents and chairs, procuring goods and services, and making or procuring pallets. BUMDes business activities will not run optimally without good management. The term of office for Garung BUMDes management is 3 years, and can be re-elected.

**Figure 1.**

The management structure of Garung Village-Owned Enterprises for the period 2022-2025



## Literature Review

### Economic Empowerment

Empowerment is the process of realizing and utilizing the inherent potential within a community. From a technical standpoint, the term empowerment might be synonymous with progress (Surya, Suriani, et al., 2021). Empowering the community entails enhancing the dignity of a community presently trapped in poverty and underdevelopment (Farida & Qabandiya, 2022). The initial step towards empowerment involves acknowledging that each individual or society possesses an untapped potential that may be cultivated.

Community economic empowerment refers to the process of enhancing the dignity and social standing of a community to break free from the cycle of poverty and underdevelopment (Alfa, 2022). This measure is a component of enhancing the capacity and

fostering the economic self-reliance of the community. Active and innovative engagement is necessary for community economic empowerment. Active and creative involvement is defined as engagement in a dynamic process where the target group can shape and execute development programs, rather than just passively getting benefits from them (Anthony Jr, 2024).

Community engagement begins with the process of decision-making, followed by the implementation of decisions, the experience of the outcomes, and the subsequent evaluation (Ryan et al., 2020). Participation facilitates community awareness of their current condition and the challenges they encounter (Hügel & Davies, 2020). Furthermore, it also endeavors to discover a solution that can be employed to surmount challenges. Enhancing community engagement in the integration of the global realms of economics and politics is regarded as highly important and pivotal (Adanma & Ogunbiyi, 2024).

The empowerment strategy is crucial in alternative development. The community gains experience and emphasizes autonomy and decision-making within their territory, promoting local independence, direct democracy (participatory), and social learning (Ricciardelli, 2023). Ignoring the influence of economic factors and structures external to civil society while evaluating empowerment is highly impractical..

## **Local Economic**

Economic development in any region can be defined as the strategic utilization of local resources by the local government and community to achieve a modest increase in economic growth (Diatmika & Rahayu, 2022). Regional economic development is crucial since it has the potential to create fresh employment possibilities and stimulate economic growth within a specific region (Todaro & Smith, 2020). All regional economic development initiatives aim to enhance employment prospects for local communities (Surya, Menne, et al., 2021).

Regional economic growth can be initiated by focusing on developing rural areas, particularly in sectors such as agriculture (Windari, 2021). All sectors should be equally positioned as critical drivers of the economy, playing a crucial role in establishing comprehensive strategies for future development (Iskandar, 2020). This is particularly critical for developing countries and those with low incomes. A strategic focus might be placed on rural regions to foster and enhance regional development, given that most areas are primarily agricultural (Munawar et al., 2023). Hence, local authorities must endeavor to strengthen the community's well-being by harnessing various potentials within the region, such as promoting agricultural activities in rural areas to foster (Arifin et al., 2024). Local Economic Development refers to the collaborative efforts of central and local governments and various community organizations to promote and invigorate economic operations to create new job opportunities (Utomo & Purnamasari, 2021).

## **BUMDes**

Village-owned enterprises (BUMDes) are business entities in villages administered collectively by the community and village government (Iskandar, 2020). Their purpose is to enhance the local economy, and they are established according to the specific needs and possibilities of the village (Pribadi et al., 2023). BUMDes, as defined by Law Number 32 of 2004 on Regional Government, was founded to enhance the Village Original Income (PADesa). As an economic

institution operating in rural areas, BUMDes must possess distinct characteristics from conventional monetary institutions (Prasetya, 2020). This aims to ensure that the presence and effectiveness of BUMDes may substantially impact the well-being of rural inhabitants. Furthermore, to prevent the emergence of a capitalist economic structure in rural regions that may undermine the communal values of the society (Sukarniati et al., 2021).

BUMDes, or village-owned enterprises, are distinguished from commercial, economic institutions by seven main characteristics. Firstly, BUMDes are owned by the village and managed collectively. Secondly, the business capital is sourced from the town (51%) and the community (49%) through capital participation, such as shares or investments. Thirdly, BUMDes operates based on a business philosophy rooted in local culture and wisdom. Fourthly, the potential and market information determine the choice of business fields. Fifthly, the profits generated are intended to improve the welfare of the members who contribute capital and the community, which aligns with village policies. Sixthly, BUMDes receive support and facilitation from the Government, Provincial Government, Regency Government, and Village Government. Lastly, the operationalization of BUMDes is jointly controlled by the Village Government, BPD, and members. BUMDes, as an economic institution, relies on community initiative and operates based on the principle of self-reliance (Kencono et al., 2023).

Consequently, BUMDes' business capital must be sourced from the local population. Nevertheless, it is still possible for BUMDes to seek capital loans from external sources, including the Village Government or other entities, possibly even through intermediaries. This complies with the legal requirements outlined in Law 32 of 2004, specifically Article 213, paragraph 3, about Regional Government.

## Methodology

The approach implemented by researchers in this research is a qualitative descriptive method. The definition of a qualitative approach is an approach method that focuses on general principles that are the basis for representing various socio-cultural phenomena that occur in society and are correlated with each other (Martynyshyn et al., 2020). The qualitative approach aims to obtain visuals of specific patterns by involving literature study, documentation, and interviews (Busetto et al., 2020).

There are two types of data sources implemented in research, namely secondary and primary data sources. Then, the methods implemented to collect data were documentation, interviews, and observation. The research location was Garung Village, Kab—home Knife. This research aims to dig deeper into how BUMDes carry out their role and the resulting impacts in the context of economic empowerment of the Garung Village community. This research focuses more on the variations in the types of village-owned businesses in Garung Village, Pulang Pisau Regency.

## Results And Discussion

Establishing BUMDes aims to carry out village development programs and empower BUMDes. Initially, the aim of establishing Village-Owned Enterprises (BUMDes) was to support and coordinate all activities to increase community income through local traditions and culture and community economic activities (Sopannah et al., 2023). The idea of empowering the people's economy is interpreted as an effort to provide encouragement and protection for the growth

and development of the local economy and an understanding of science and technology based on people's strengths (Purwani & Arvianti, 2020). As a country with most of the population living in rural areas, Indonesia faces challenges in reducing the gap between developed and underdeveloped villages. Focusing on rural development is the key to growing community welfare. Efforts that can be realized include establishing BUMDes (Village-Owned Enterprises) (Darmawan et al., 2022).

Based on the results of interviews with related parties, the role of BUMDes Garung in improving the community's economy has had a positive impact. BUMDes Garung provides services to the community and enhances their welfare. This can be seen from the programs run by BUMDes Garung, such as Savings and Loans Business (SPP) and renting tents and chairs, which are managed by the community through programs or projects from the Government and Regional Government.

### **BUMDes Garung has a Vision and Mission.**

The vision and mission of BUMDes Garung is the realization of BUMDesa, which can serve the community in the economic sector by managing village potential. The mission of BUMDesa Garung is to increase public knowledge in managing natural resources, increasing market opportunities for the potential that exists in the village, undertake partnerships with institutions or third parties, improve human resources for BUMDesa administrators regarding management/administration, manage resources as optimally as possible while still paying attention to environmental sustainability, and facilitate public access to capital services and business development.

### **Problems that must be paid attention to by BUMDes Garung**

Other concerns require consideration, as BUMDesa Village-Owned Joint Enterprises currently lack a designated workspace or storage facility for their assets. The cost of renting a chair tent is variable and not fixed. BUMDes administrators lack adequate expertise in administration. In 2022, numerous community members requested assistance resolving payment delays for savings and loan company divisions. The cessation of pallet production has led to the unemployment of the Joint Enterprise Bumdesa assets, specifically in the form of sparkles. If the Bumdesa chairs they borrow sustain any harm, multiple dishonest individuals are not accountable.

### **The solution to deal with the above problem**

BUMDes administrators have proposed to the village government to help with the procurement, and the village government responded positively to the BUMDes administrators' proposal. I will suggest that there be an agreement to rent a chair tent. Participate in the training required for administration. Provide rescheduling for loan repayment. If damage occurs, I will make a chair tent rental agreement with the borrower.

Establishing cooperatives and BUMDes enhances the well-being of rural communities and promotes economic growth in villages, as BUMDes is a sustainable initiative (Purnomo et al., 2023). Efficient implementation of cooperative and BUMDes initiatives can effectively stimulate the untapped potential inside the hamlet. The BUMDes has launched four enterprises

to enhance the well-being of the community. The pallet industry revolves around using square-shaped wooden platforms with hollow spaces, known as pallets. Pallets are utilized to facilitate and transport items in the realm of adventure.

The primary functions of pallets are to streamline the process of loading and unloading, to store cargo in the warehouse, and to shield items from damp or soiled surfaces. The Pallet Business was established in 2020 and partners with PT Kahayan Berseri. However, by 2022, this business will cease to exist. The reason for this is that PT Kahayan Berseri has ceased the utilization of pallets manufactured from galam wood. A furniture business is a company that specializes in the sale and production of furniture and home products, such as shelves, cupboards, tables, chairs, beds, and similar items. Presently, the Merkel and its associated equipment are no longer being manufactured. However, in 2022, individuals will lease it to cut wood and similar activities.

Savings and loan institutions are non-bank financial entities that receive deposits and extend loans to their members. Savings and loan cooperatives are a type of community-based economic institution that serves to fulfill the capital requirements of the community. The primary duties of the savings and loan industry include collecting funds from members, distributing cash or providing credit to members, and generating income for members through cooperative economic activities. This establishment offers rental services for party equipment, such as tents, chairs, and other related items. They are typically employed for weddings, birthdays, general assemblies, and other festive occasions. According to research and examination, BUMDes has effectively contributed to enhancing the local economy. Savings and loan activities have successfully served many sectors and fulfilled the community's capital requirements—the residents of Garung Village, located in Kab. Pulang Pisau has significantly improved its economic well-being due to this enterprise.

## Conclusion

Based on the research results in the field, the conclusion is that BUMDes Garung has been actively improving community welfare through various programs such as Savings and Loans and renting tents and chairs. Despite facing challenges such as a lack of infrastructure, insufficient administrative knowledge, and problems managing assets and citizen responsibilities, BUMDes Garung has found a proactive solution. With support from the village government and future development plans, it is hoped that BUMDes Garung can continue to optimize the village's economic potential, natural resources, and human resources to achieve greater prosperity for its community.

BUMDes Garung has demonstrated adaptability when facing challenges and taking advantage of opportunities. With initiative steps such as a proposal to the village government to provide an office and asset storage area and an administrative training plan, BUMDes Garung is heading towards achieving its goals. These steps and plans to reset loan payments and stricter lease agreements demonstrate BUMDes' commitment to improving its operations and social responsibility. By continuing to focus on innovative solutions and collaboration with the village government, BUMDes Garung is expected to be able to overcome obstacles and strengthen the village economy and the welfare of its community.

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