Economic Recovery after the Covid 19 Pandemic of Utilization of Village-Owned Enterprises in Indonesia

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Abstract. The results of this study concluded that: 1) Village income during the COVID-19 pandemic decreased due to limited community activities outside the home and reduced public spending. The decline in income from large events such as weddings and celebrations caused the rent for tents and other Bumdes income to decline. 2) The village party is now using a marketing strategy where activities outside the home such as the opening of the market and the community can return to their activities outside the home on the condition that they comply with the protocols set by the government such as keeping a distance and wearing masks. 3) The results of declining income during the covid pandemic Village-Owned Enterprises affect the level of community welfare with the income they get. 4) BUMDes besides being able to improve public services and optimize village assets, also play a role in supporting, facilitating, and coordinating the productive economic efforts of rural communities. BUMDes can be the parent of ecotourism activities or village ecotourism. BUMDes plays an important role in providing convenience services in saving and borrowing small-scale business capital for productive businesses of rural communities in collaboration with external parties (both banks and private companies).

Keywords: performance, policy, equity participation, rural communities

1. Introduction

The Covid-19 pandemic has suppressed the economy in various aspects, without exception the village economy. For now, the impact of Covid-19 is more felt in urban areas. However, because the mobility of seasonal workers from rural areas who work in cities and back to villages is quite high, socio-economic problems in rural areas need to be anticipated immediately. With its economic and social resources, especially the Village Revenue and Expenditure Budget (APBDes) and village funds, it is hoped that villages can contribute to handling and recovering the economy affected by the Covid-19 outbreak. Villages basically have assets that can be utilized to maintain and accelerate economic recovery. Since the launch of the village fund, Each village is required to establish a business entity that is expected to become an economic driver so that the village has its own source of income to finance various activities. Village-Owned Enterprises (BUMDes) were established based on Article 23 of Law (UU) Number 32 of 2004 concerning Regional Government, which states that villages can establish village-owned enterprises in accordance with the needs and potential of the village.

The 2020 Village Potential data shows that there are 60,911 BUMDes units spread over 58.28 percent of villages throughout Indonesia. The rest, 41.72 percent of villages, do not yet have BUMDes. The
existence of BUMDes with its business units can actually be a solution to the economic problems faced by the agricultural sector in the village. In the short term, BUMDes can play a role in providing relatively cheaper capital compared to other financing sources, while reducing the practice of lending to moneylenders and lenders. In the medium term, BUMDes can act as distributors of agricultural products cultivated in their area, even if possible BUMDes can also cooperate with distributors to be able to help become suppliers of food commodities for government food social assistance programs, both central and regional.

Meanwhile, in the long term, BUMDes can make the potential of agricultural businesses in their area an alternative to village income in addition to current sources of income. Looking at the problems above, the existence of BUMDes and the development of its business units is a potential in itself to overcome problems of access to capital and liquidity in the short term. Meanwhile, in the medium term, BUMDes can become an aggregator that markets MSEs' production in their area. As with the agricultural sector, in the long term, BUMDes that generate economic benefits can be an alternative source of village revenue in addition to existing sources of income, by utilizing the potential of MSE products in their area. Based on the phenomena that occurred as a result of the COVID-19 pandemic, and when looking at the goals of village-owned enterprises, the researchers saw a wide open opportunity for Bumdes managers to participate in generating the economy of rural communities and arousing the passion of the economy. With village fund allowances and regulatory support from the regional central government, it makes Bumdes feasible to be empowered to anticipate the storm of economic recession due to the COVID-19 pandemic.

BUMDes funding sources can be obtained from village funds and from their own businesses. Conceptually, for the village government, if BUMDes can be managed properly, the village's original income (PADes) will also increase, with the increase in PADes, the development process and welfare will be able to increase. However, to realize this, it is necessary to pay attention to the management of BUMDes in a good and professional manner. We are still applying for Banyumas from hundreds or even thousands of villages that have not yet established Village Owned Enterprises (BUMDes). Even those who already have Village Owned Enterprises (BUMDes) are still impressed with only nameplates and suspended animation. This condition occurs, none other than the obstacles that occur in the Village, of course, we need to know what are the obstacles experienced by most of the Village Owned Enterprises (BUMDes), so that they cannot run according to the goals or expectations expected by the Government.

In the BUMDes guide book issued by the Ministry of National Education (2009:4). BUMDes is a village-owned enterprise that was established on the basis of the needs and potential of the village as an effort to improve community welfare. With regard to its planning and establishment, BUMDes is built on the initiative and participation of the community. BUMDes is also a manifestation of the participation of the village community as a whole, so it does not create a business model that is hegemonized by certain groups at the village level. This means that this regulation is manifested in a solid institutional mechanism. Strengthening institutional capacity will be directed at the existence of rules that bind all members (one for all).

BUMDes is an institution formed by the village government and the community manages the institution based on the needs and the village economy. BUMDes is formed based on the applicable laws and regulations based on an agreement between village communities. The purpose of BUMDes is to improve and strengthen the village economy. BUMDes has a function as a commercial institution through offering local resources that aim to seek profit and social institutions through contributing to the provision of social services that favor the interests of the community. BUMDes has made a positive contribution to strengthening the rural economy in developing the community's economy (Alkadafi, 2014).

Village-Owned Enterprises (BUMDes) are a pillar of economic activity in villages that function as social and commercial institutions. BUMDes as a social institution sided with the interests of the community through its contribution to the provision of social services. Meanwhile, as a commercial
in institution, it aims to seek profit through the supply of local resources (goods and services) to the market. Village-Owned Enterprises (BUMDes) are village business institutions that are managed by the community and village government in an effort to strengthen the village economy and are formed based on the needs and potential of the village (Center for Study of Development System dynamics (PKDSP), Guidebook for Establishing and Managing Village-Owned Enterprises 2009 :2).

As one of the economic institutions operating in rural areas, BUMDes must be different from other economic institutions in general. This is intended so that the existence and performance of BUMDes can make a significant contribution to improving the welfare of villagers. Besides that, so as not to develop a capitalistic business system in the countryside which can result in disruption of the values of social life.

BUMDes is a village business characterized by collective ownership, not only owned by the village government, not only owned by the community, not only owned by individuals but belongs to the village government and the community. In contrast to cooperatives which are owned and beneficial only for their members, BUMDes is owned and utilized by both the village government and the community as a whole.

BUMDes is a form of community participation as a whole which was established based on the Village Regulation concerning the Establishment of BUMDes. BUMDes was also established based on the consideration of channeling village community initiatives, developing village potential, managing, utilizing village potential, financing, and village government assets which were handed over to be managed by BUMDes. BUMDes has a clear goal and is realized by providing services needed for productive businesses, preferably for rural communities belonging to the poor group, reducing the practice of moneylenders, and releasing the money. In addition, the purpose of establishing BUMDes is to create an even distribution of business fields while increasing people's income (Ridlwan, 2014).

The principles of managing Village Owned Enterprises (BUMDes) according to the General Guidelines for Good Corporate Governance (GCG) of Indonesia are as follows:

• Transparency To maintain objectivity in running the business, companies must provide material and relevant information in a manner that is easily accessible and understood by stakeholders. Companies must take the initiative to disclose not only the problems required by the laws and regulations, but also matters that are important for decision making by shareholders, creditors and other stakeholders. The principle of transparency is implemented by the BUMDes Wirakarya management by providing material and relevant information in a way that is easily accessible and understood by members and the public.

• Accountability The company must be able to account for its performance in a transparent and fair manner. For this reason, the company must be managed properly, measurably and in accordance with the interests of the company while taking into account the interests of shareholders and other stakeholders. Accountability is a necessary prerequisite to achieving sustainable performance. The principle of accountability is carried out by the management of BUMDes able to account for their performance in a transparent and fair manner.

• Responsibility The company must comply with laws and regulations and carry out responsibilities to the community and the environment so that long-term business continuity can be maintained and be recognized as a good corporate citizen. The principle of responsibility is carried out by the management of BUMDes carrying out business in accordance with statutory regulations and carrying out efforts to maintain business continuity.

2. Research methods

This study uses a combination of quantitative and qualitative approaches together. The research is located in Banyumas Regency with the object of research being 45 BUMDes in Banyumas Regency. This research uses primary data. Qualitative data has a clear form, namely: 'language' and 'text'.

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However, it is undeniable that there are other forms of cultural expression, such as images, symbols, and social practices.

Qualitative data cannot be reduced to numbers. Even the text often has to be understood from the circumstances which are the context of the data described. Qualitative research is categorized as deductive research and is exploratory in nature—that is, research that is looking for, so that statistical rules cannot be used as benchmarks, because the data has a scattered pattern/no pattern mathematically.

Things that are analyzed in qualitative data, among others: (1) construction of meanings. Carry out validation by matching the literature read; (2) categories. Conducting clusters, such as understanding, difference of opinion, stigmatization, and expression of disappointment/complaint; (3) patterns; (4) relationships (including causality); contrasts (variations); and (5) designations (power of subjects). The resource persons in question are the Head of Section (Kasi) for the Development of Economic Institutions and Village Community Groups (Informant 1), Head of Economic Development and TTG for Economic Development and TTG (Informant 2) from the Banyumas Regency Village Community Empowerment Service and the Banyumas Regency Village Assistant Coordinator who is responsible for the development of BUMDes (Informant 3). In addition,

3. Result and Discussion

The implementation of BUMDes management policies in Banyumas Regency was analyzed using the principles of BUMDes management set out in the BUMDes guidebook issued by the Ministry of National Education (2007:13). These principles are guidelines for BUMDes management in running BUMDes, so that the purpose of BUMDes as a business entity is not only to prioritize profit but also to increase the benefits of the socio-economic life of rural communities. There are 6 (six) principles in managing BUMDes. First, cooperative, where all components involved in BUMDes must be able to do good cooperation for the development and survival of their business. Based on the results of the study, it was explained that all components of the BUMDes management in Banyumas Regency were very cooperative in managing BUMDes. However, with the restrictions on community activities during this pandemic, it greatly affects the turnover of BUMDES whose impact is felt on the heavy burden of BUMDes' operations. As stated by the Head of the Banyumas Regency Government Section:

"We are very cooperative, considering that BUMDes has been engaged in the tourism sector which is very dependent on tourist visits to these tourist objects. With the limitation of community activities, the impact is felt on the heavy operational burden of BUMDes but these difficulties can be handled properly thanks to cooperation with the village government. The village government provides capital participation to ease the operational burden of BUMDes during the pandemic.

This is supported by a statement from village officials explaining how to maintain the continuity of BUMDes during the pandemic, as follows:

"With the pandemic period, it requires all business fields to be more creative. To continue to maintain its existence, BUMDes expands its business scope, as is currently underway BUMDes is collaborating with private companies to help. One of them is by providing skills to villagers in need. With this training, it is hoped that companies will be willing to share their production with BUMDes.

Based on the interview above, it can be concluded that in carrying out BUMDes policies during the pandemic, BUMDes ter Banyumas with restrictions on social activities so as to reduce turnover. With the participation of capital due to cooperation with private companies can help run BUMDes, through skills to villagers in need. The implementation of Community Activity Restrictions (PPKM) in Banyumas Regency itself is carried out in the context of controlling the spread of Covid-19. The Banyumas Regency Government asked the community to refrain from holding social activities while PPKM was implemented. This PPKM policy refers to the Banyumas Regency Perbup Number 67 of
2020. This is in line with research conducted by Rizki Zakariya in the Indonesian Economic Journal that Covid-19 has a negative impact on the provision of basic foodstuffs in rural areas, due to restrictions on entry and exit of vehicles or people transporting basic goods from areas that set PSBB. This causes a decrease in the demand for rural agricultural products from the market, which in turn causes losses for farmers and decreases the purchasing power of rural communities. Therefore, it is necessary for the government's role in alleviating the problem of providing basic food in the village (Rizki Zakariya, 2020), which in turn causes losses for farmers and decreases the purchasing power of rural communities. Therefore, it is necessary for the government's role in alleviating the problem of providing basic food in the village (Rizki Zakariya, 2020). Second, participatory where all components involved in BUMDes must be willing to voluntarily or be asked to provide support and contributions that can encourage the progress of BUMDes business. Support that advances BUMDes business during the pandemic is capital participation and the characteristics of the leader's ability to develop BUMDes. As stated by the Banyumas Regency apparatus:

“Support in the form of capital and managerial participation, in this case managerial, is a change in leadership, not only because the term of office has expired, but also the village government wants more capable BUMDes leaders.

Based on the results of the interview above, it can be concluded that the village government wants support from BUMDes leaders who are more capable of contributing to encouraging the progress of BUMDes as an effort to maintain the existence of BUMDes during the pandemic. For this reason, it is important for a BUMDes organization in addition to the end of their term of duty as a leader, the next leader must have managerial skills in managing BUMDes. Given that the pandemic is not over yet, leadership is needed that has a full contribution to the progress of BUMDes.

Third, emancipation where the components involved in BUMDes must be treated equally regardless of class, ethnicity, and religion. The results of the study show that so far the BUMDes of Banyumas Regency does not look at class, ethnicity or religion. Anyone who can afford it is welcome to join the BUMDes management. And when providing services to the community, BUMDes does not look at community groups. As stated by the Banyumas Regency apparatus, as follows: “No, there is no distinction between ethnicity, religion, class. We invite all who want to be involved in BUMDes activities.

Based on the interview above, it can be concluded that in the emancipatory aspect, the Mulyo Mandiri BUMDes institution has a good level of emancipation. It can be seen that all groups of people who want to participate are welcome to help BUMDes activities. Especially during this pandemic, BUMDes requires community participation in maintaining its existence.

Fourth, transparent where the research results show that the general public understands that with this pandemic BUMDes has limited activities. The system in the BUMDes of Banyumas Regency has not changed and this is known by all levels of society easily and openly. As stated by the village apparatus as follows:

“Alhamdulillah, the community realizes that during the Pandemic, BUMDes experienced limitations in carrying out their activities.

In addition, he also emphasized that:

“There is no change in the pattern of transparency, either before or after. All information related to BUMDes is shared in a meeting with the Village Government.” (17/3/22)

It can be concluded from what has been explained by the Banyumas Regency apparatus that the Banyumas Regency BUMDes runs by fulfilling the transparency aspect without any system changes during the pandemic. So that it can fulfill the assumption that honesty and openness have become a
value system that has been owned by BUMDEs in Banyumas Regency. Then the existence of BUMDEs with transparent principles is also expected to be able to realize development in its management.

Fifth, accountable where all BUMDEs business activities must be accountable technically and administratively. As stated by the Head of the Banyumas Regency Government Section:

"Reporting of accountability is still done face-to-face which is done once a year." (16/3/22)

This is also supported by the statement of the BUMDEs management, that:

"We are responsible for what we have done through annual reporting. Even though our funds are minimal, we will report any results.” (17/3/22)

Based on the interview above, it can be said that all business activities can be accounted for technically and administratively by using the face-to-face method once a year. Thus, the management of BUMDEs in Banyumas Regency during the pandemic period carries out accountability in terms of annual reporting activities. However, reporting should be supported by a system of supervision and balance between the Village Government and the BUMDEs of Banyumas Regency.

Sixth, it is sustainable, in which the sustainability aspect of BUMDEs business activities cannot be developed and preserved by the community by the pandemic. This was stated by the Head of the Banyumas Regency Government Section, as follows:

"In order to be sustainable during the pandemic, BUMDEs is still trying to pioneer cooperation area so that they can open new business areas that do not depend on religious tourism visits.” (16/3/22)

In addition, the Banyumas Regency apparatus also said that:

"Meanwhile, the activities developed by the BUMDEs of Banyumas Regency are only renting shop houses, and managing parking in the Religious Tourism area, but the BUMDEs are pioneering collaborations with private companies." (17/3/22)

Based on the results of the interview above, the development of BUMDEs in Banyumas Regency has been hindered due to the pandemic. However, this does not dampen other developments in order to maintain the existence of BUMDEs to be sustainable. So this gives optimism for BUMDEs in Banyumas Regency.

Bearing in mind that in Permendesa Number 4 of 2015 the establishment of BUMDEs is intended as an effort to accommodate all economic activities in the economic sector and public services managed by the village. BUMDEs was established with the aim of improving services to the community so that their businesses can develop, so that even during the pandemic BUMDEs must still be developed in order to develop a sustainable economy.

Based on the analysis of the six described BUMDEs management principles. Researchers can conclude several things that can be underlined as follows (1) BUMDEs in Banyumas Regency during the pandemic period still maintains its existence by carrying out business expansion coverage that demands creativity even though it has decreased turnover. (2) The Village Government wants a change in leadership when the term of office expires in the hope of having a leader who can contribute and encourage the progress of the BUMDEs business. (3) BUMDEs in Banyumas Regency received support from the community during the pandemic in the form of community participation and optimism by participating in developing businesses from BUMDEs activities.

Factors Affecting the Management of BUMDEs in Banyumas Regency First, the results of the study showed that communication during the pandemic was very intense, both online and face-to-face by implementing health protocols. As stated by the BUMDEs management below:

“In terms of communication, we always maximize communication in the midst of this pandemic, because if there is no good communication, we will not develop. Yet we want it to exist. Even if there is a change in policy, a meeting will be held and ask the village government for consideration first.”
This is also confirmed by the statement of the village apparatus:

"We make communication easy. Can be via video call, zoom or via whatsapp. Moreover, the new BUMDes management is interactive." (17/3/22)

In addition, regarding evaluation, BUMDes continues to carry out management evaluations and continues to evaluate fund management during the COVID-19 pandemic, but not many funds are available because funds for BUMDes are more allocated for handling Covid-19. As expressed by the secretary of BUMDes, as follows:

"We don't have much funds because more are allocated for handling Covid-19." (17/3/22)

Based on the interview above, it can be concluded that the new BUMDes management is very interactive to be able to explore the potential that BUMDes can do. In addition, the BUMDes policy looks consistent, if there is a change, the Muyo Mandiri BUMDes will hold a meeting and ask the village government for consideration in advance. Regarding the evaluation, Banyumas Regency continues to evaluate the management of funds during the COVID-19 pandemic, but not much funds are available because the funds for BUMDes are mostly allocated for handling Covid-19.

Second, the condition of human resources in the implementation of BUMDes in Banyumas Regency is human resources who are volunteers. In addition, the results of the study indicate that the resources in Banyumas Regency are very adequate. As stated by the Head of the Banyumas Regency Government Section, as follows:

"If the resources, thank God, they have a management structure that has a good educational background.

BUMDes has adequate management resources. Existing resources also have highly competent areas of expertise. In addition, the activities carried out by the management are carried out in accordance with the by-laws of BUMDes, but the funds they have are not much due to the pandemic. This is in line with the results of research conducted by Monika Balqis (2020), which states that the success of BUMDes is largely determined by the strategy taken by the resources of the BUMDes manager or management. With competent resources in Banyumas Regency, it is hoped that they will be able to contribute to the success of BUMDes.

Third, the results of the study show that the BUMDes Management is selected and appointed by the Village Head, as stated by the BUMDes management:

"The board of directors is elected and appointed directly by the Village Head and approved by the Village Consultative Body." (17/3/22)

The management also receives salary incentives as conveyed by the BUMDes management, as follows: "There are incentives from BUMDes." (17/3/22)

Based on the interview above, it can be concluded that the selection of BUMDes management is through the Village Deliberation mechanism with the approval of the BPD (Village Consultative Body) with additional salary incentives. So far, the BUMDes management has a good commitment in implementing BUMDes. And also Banyumas BUMDes activities can be carried out properly in accordance with the BUMDes program.

Fourth, the organizational structure in charge of implementing policies has a significant influence on policy implementation. One of the most important structural aspects of any organization is the existence of standard operating procedures (SOPs). The SOP used by BUMDes Banyumas refers to the Constitution No. 6 of 2014 concerning Villages. As expressed by the management of BUMDes Mulyo Mandiri, the following:

"Our guideline is Law no. 6 of 2014 concerning Villages. Also some things that become the principles of BUMDes management already exist centrally. So we just do it." (17/3/22)
He also added that related to the management structure of BUMDes Banyumas, that:

"There are only four members of the BUMDes Banyumas here, namely the Chairman, Deputy, Secretary and Treasurer. The collaboration is with the Banyumas Regency government, the private sector and the village community." (17/3/22)

Based on the interview above, it can be concluded that the organizational structure of BUMDes Banyumas has a board consisting of a chairman, deputy, secretary and treasurer. In addition, the guidelines used in the implementation of BUMDes refer to the Constitution no. 6 of 2014 concerning Villages. So that centralized regulation in accordance with government regulations.

4. Conclusion and Recommendation

The results of this study concluded that: 1) Village income during the COVID-19 pandemic decreased due to limited community activities outside the home and reduced public spending. The decline in income from large events such as weddings and celebrations caused the rent for tents and other Bumdes income to decline. 2) The village party is now using a marketing strategy where activities outside the home such as the opening of the market and the community can return to their activities outside the home on the condition that they comply with the protocols set by the government such as keeping a distance and wearing masks. 3) The results of declining income during the covid pandemic Village-Owned Enterprises affect the level of community welfare with the income they get. 4) BUMDes besides being able to improve public services and optimize village assets, also play a role in supporting, facilitating, and coordinating the productive economic efforts of rural communities. BUMDes can be the parent of ecotourism activities or village ecotourism. BUMDes also plays an important role in providing convenience services in saving and borrowing small-scale business capital for productive businesses of rural communities in collaboration with external parties (both banks and private companies).

To the observations of experts caused by four factors:

1. The low initiative of the village government and the community in establishing BUMDes
2. The unclear position of BUMDES as a social institution or what commercial
3. Professional level of management, this is due to the level of education human resources

Even programs that were not announced were implemented, for example, the savings and loan business that should not be carried out by BUMDes. In the end, many borrowers do not return accordingly with the agreement alias, a lot of borrowing of money that is stuck does not work

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