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THE INSTITUTIONAL CAPACITY STRENGTHENING MODEL BY THE VILLAGE-OWNED BUSINESS ENTITIES (BUM DESA) IN THE DISTRICT OF CIAMIS

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Abstract

The establishment of BUM Desa is expected to be one of the efforts to increase the rural area and community income. Therefore, it is the time for the presence of the village to get serious attention from the central government with the compliance of policies related to economic empowerment carried out by collecting and institutionalizing community economic activities. In this case, the government applies a new approach that is expected to be able to stimulate and move the economy wheel in villages by the establishment of economic institutions that are fully managed by the village communities as Village-Owned Entities (BUM Desa). The object of this research is the Department of Community and Rural Area Empowerment (DPMD) of Ciamis District and BUM Desa which are spreaded around the district of Ciamis in which as many as 198 BUM Desa. The method used in this research is a qualitative method with a case study approach, the organization will obtain complete and in-depth data as well as credible and relevant so that the research objectives can be achieved, in order to understand the process or case in depth about the institutional capacity strengthening model by Badan Usaha Milik Desa (BUM Desa) in the district of Ciamis. The conclusion: 1. The implementation of institutional strengthening model by BUM Desa in the district of Ciamis is not yet fully effective since there are still some of BUM Desa that are still not optimal in developing their organizations, for instance the compliance of BUM Desa does not so evolve in terms of planning, controlling, monitoring and coordinating; 2. There are factors that weaken BUM Desa in the district of Ciamis, including the framework preparation system of BUM Desa has not fully clarified the roles of each implementer. Thus, there is still duplication in terms of the division of tasks, responsibilities, and authorities among the head of business entities. Furthermore regarding organization, efforts to unite various partial goals into one common goal have not been fully implemented, and this has resulted in collaboration between business units and cross-village are not running effectively, especially efforts to draft AD/ART which is used as a reference. Each of the heads is not in accordance with the principles of good, effective and efficient BUM Desa management; and 3. Found a model that can be used effectively to strengthen BUM Desa in the district of Ciamis, can be said as a model that refers to: System, Organization and Individual.

Keywords: The institutional capacity strengthening model by the village-owned business entities (BUM Desa).

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1. INTRODUCTION

Development in villages or rural areas is one way to reduce poverty in Indonesia. The development of the economic base in villages has long been carried out by the government through various programs, one of which is village-owned business entities (BUM Desa). The establishment of BUM Desa is supported and strengthened by various policies, including Constitutional Number 6 of 2014 about Villages and Government Regulation Number 43 of 2014 about Implementing Regulations of villages.

As one of the main programs in increasing the independence of the village economy, the establishment of BUM Desa brings a new approach that is based on the needs and potential of the existing village. The management of BUM Desa is fully implemented by the village community, which is more known as "from the village, by the village, and for the village". This way becomes the concept of how BUM Desa works to accommodate the economic activities of the community in an institutional form or business entity that is managed professionally, but still relies on the local potential. This can make community businesses more productive and effective. The future target of BUM Desa is expected to function as a pillar of national independence as well as an institution that accommodates community economic activities that develop according to the village characteristics in order to improve the welfare of village communities or in rural areas. However, even though it has been supported by various laws and regulations as a reference and legal force for the formation of BUM Desa, in reality there are still problems and difficulties that interfere with the continuous development of the village economy through BUM Desa, where it also happens to the District of Ciamis.

Related to the description above, it is known that the general phenomenon that occurs in business entities still shows that many villages are less than optimal in managing their local potential, specifically in terms of community income and village conditions that have not been explored, this can be seen from the following indicators:

1. The condition of the villages are not good because its potential is not maximally explored, although their potentials can still be explored to open up more job opportunities and decrease the unemployment rate in the District of Ciamis which is still high, as much as 98.77 (2019)
2. The community's economy has not improved because the average income of the population is still low. The income per capita of the population in the District of Ciamis is still much below the UMR around:
 - a) Rp. 300.000-Rp.499.999 (40,08%).
 - b) Rp. 500.000-Rp. 749.999 (24,34%).
 - c) Rp. 200.000-Rp. 299.999 (10,14%).

Another fact also shows that with the establishment of BUM Desa as a whole, it has not produced satisfactory results, for example to being able to provide income to Locally-generated Revenue (PAD). There are many factors that may cause the lack of these programs, one of which is the weakness of institutions that interfere with the creativity and innovation of village communities in managing and running the economic businesses.

Another cases found related to the management of BUM Desa in the District of Ciamis is the lack of understanding about the reports provided, for example the number of assets, income, work programs, then there are still some BUM Desa which have not empowered the surrounding community, this can be seen by the presence of BUM workers who come from outside of the particular village, in addition to the lack of transparency in terms of employee recruitment, financial management and administration of BUM Desa that have not been optimal, all of these things can be identified as the main source of weaknesses of BUM Desa.

Furthermore, based on the initial assessment, stuff like communication, community access, transparency and accountability, managerial capacity, cleaning infrastructure and optimizing facilities, access to assets and legal standing are also considered as tackles which may hinder and become indications of problems in strengthening BUM Desa in the District of Ciamis. Thus, it can be seen that current developments related to institutional strengthening of BUM Desa in the District of Ciamis are considered to be still less than optimal, so that comprehensive institutional strengthening is needed in all aspects, for example relating to the internal framework, organization and individuals. The basic reason for choosing the locus of this research is based on the object under the author's investigation:

1. The institutional strengthening of BUM Desa has not been maximized, for example, in the analysis of institutional strengthening of BUM Desa in the District of Ciamis, there is still the development of



- individual skills and competencies that are less than optimal so that each individual has not been maximally able to carry out their duties and responsibilities to strengthening the BUM Desa institution.
2. The development of culture, systems and processes into the authority of the BUM Desa has not been maximized;
 3. The development and strengthening of external links in the development and strengthening of external links in order to develop intensive, extensive, and solid partnerships is not yet maximal, so that the effort from comprehensive institutional is needed in all aspects, for example relating to institutional reform (system, environmental policies dan macro condition), organization strength leads (task and function) human resources (professionalism and competence).

Referring to the descriptions above, the author believes that the theory developed in the research will be able to solve the problems and expectedly will be able to form a new model for institutional strengthening of BUM Desa in the District of Ciamis. So based on the above background, the author is interested in conducting more in-depth research as outlined in a scientific paper in the form of a dissertation with the title: "The Institutional Capacity Strengthening Model By The Village-Owned Business Entities (BUM Desa) In The District Of Ciamis.

2. RESEARCH METHODS

This study used a qualitative approach. According to Creswell (2010: 4), qualitative research is "methods for investigating and understanding the meaning that a number of individuals or groups of people ascribe to social or humanitarian problems". The case study according to Yin (2011:8) is a qualitative research strategy that is relevant to situations in which if the form of the research question is how and why does not require control over the events being studied and focuses on contemporary events. Furthermore, according to Raharjo (2017:15-22), the steps of the case study research are: choosing the themes, topics and cases, literature review, formulating research focuses and problems, data collection, data improvement, data processing, data analysis, data analysis process, theoretical dialogue, triangulation of findings (confirmability), conclusions of research results and research reports. Meanwhile, to produce a product in the form and model that can be used to strengthen the effective BUM Desa institution in the District of Ciamis, it is carried out using the Soft System Methodology or SSM method. The testing technique used is triangulation technique.

The location of this research is the Department of Community and Village Empowerment (DPMD) of the District of Ciamis and BUM Desa which are spread throughout the District of Ciamis as many as 198 Village BUMs and 10 BUM Desa are selected based on the division of the former Kawedanan area (the government administration area which was under the regency and above the sub district) in the District of Ciamis.

3. RESEARCH RESULTS AND DISCUSSION

BUM Desa Institutional in the District of Ciamis

The strengthening of BUM Desa, administratively carried out by assistants with other stakeholders has been carried out well, besides that strengthening the management of BUM Desa management has also been running with various actions carried out. However, what is still lacking is reflecting and building new perspectives on the head of the village and key figures in the village, together with the locals, in order to reinstate BUM Desa as a new movement for the village economy and which must have a philosophical foundation and be based on village local wisdom.

Related to developing Village-Owned Entities (BUM Desa), especially in the District of Ciamis, therefore the Head of The District is obliged to provide guidance, monitoring and evaluation of management development and Human Resources (HR) for the BUM Desa managers through the Village and Community Empowerment Service. Regarding the development of BUM Desa by the Department of Community and Village Empowerment, it is still not running effectively, where it can be seen that the BUM Desa administrators have not been optimal in carrying out their duties and functions, the potential sources of the village have not been investigated which as a result, the income obtained by BUM Desa is still static. There has been no significant change, the quarter BUM Desa accountability report has not been carried out optimally, this is due to the lack of guidance carried out by the Community and Village Empowerment Service.



Factors Affecting the Weakness of BUM Desa in the District of Ciamis

The factors that influence the weakness of BUM Desa in the District of Ciamis can be seen from the indicators that are used as benchmarks, they are:

a) Institutional Reform

In terms of institutional reform, it is known that Village-Owned Entities (BUM Desa) need to prepare a business management work plan so that the business being run does not fail. Several things that need to be compiled to make BUM Desa a well-coordinated business entity are the preparation of job descriptions for each BUM Desa manager in order to clarify the roles of each person. Thus, the duties, responsibilities, and authorities of the incumbents are not duplicated. In addition, it is possible for every position/job in BUM Desa to be occupied by competent people in their field

b) Organization Strength Leads

The management of BUM Desa is independent from village administration. According to the Village Regulations, the advisor of BUM Desa is ex officio held by the Head of the village. Meanwhile, Operational Executors of BUM Desa are individuals recruited and selected publicly in a village discussion forum or mudes. Furthermore, the operational facilitator is appointed and dismissed by the head of the village through The Head Decree. The operational facilitator is authorized in the planning and management of village businesses entities and represents the BUM Desa both inside and outside the court. What is meant by village business management is not only managing BUM Desa but also managing the entire business of BUM Desa and its units in line with the Statutes and Bylaws or AD/ART BUM Desa. To ensure that BUM Desa can develop properly, operational facilitator should not hold concurrent positions in village administration and other institutions. The organizational structure of a BUM Desa is made based on the conditions of the local village and adapted to their needs.

c) Human Resources

Related to human resources, proficiency plays a role in improving the quality of individuals, especially in managing BUM Desa, then it can be seen that proficiency and education play a role in creating the country's next generation of quality and skills. From the description above, it can be seen that in the future there are several things need to be built and there is a need for a legal basis on which support it by striving for the formulation of a Regional Regulation that can bridge and channel the aspirations of the community, especially those related to Village-Owned Entities. Therefore, the regulation of Village-Owned Entities, which include the structure of functions, positions, and authorities, is important to overcome the issues ahead in obtaining good village administrations.

Although it has been running for years, the development of BUM Desa in promoting community welfare through the business units built is still far from expectations. Thousands of villages still have not even established this institution. The issues faced by most BUM Desa are very diverse so that they have not been able to move forward as a business entity that quickly influences the welfare of their villages. Those several weaknesses make BUM Desa in many villages unable to move momentum forward for the welfare of the citizens. Some of those things include:

- 1) The awareness of village officials, especially its head towards BUM Desa is very poor.
- 2) Village officials are not fully aware about the number of authority that the particular village runs into, even though the Constitutional Number 6 of 2014 about Villages has been enacted.
- 3) The concept of village development that has been acknowledged so far is still limited to the grip of physical development and the direction of the structure from the superior.
- 4) There has not been good communication between the elites and community members of the villages regarding various issues that should be considered.
- 5) The number of corruptive power in the upper structure, proven by the number of regional heads such as Deputies and Governors who were arrested by the KPK (Corruption Eradication Commission) due to the misuse of power and corruption, attained the spirit of creating social change for the community and even imitated these actions.



- 6) The number of government units before BUM Desa such as KUD, BUUD and other units that failed and the previous was uncertain made some villagers think that they did not have to return the funds that should become the capital for village businesses units run by BUM Desa.
- 7) Insufficient Control of Managerial Capability. It is not easy for the village to find someone who has distinguished managerial skills in terms of business management.

A Model That Can Be Used To Strengthen BUM Desa in the District of Ciamis

BUM Desa empowerment at the level of village is expected to dynamically mobilize all village potentials for the welfare of the community. Institutional basis in the implementation of BUM Desa including in the District of Ciamis are:

- 1) The Village Administrations is obliged to implement development programs and village community empowerment;
- 2) As a village community economic institution founded on the basis of local initiation and discernment; and
- 3) As an instrument of community welfare and indigenous village autonomy.

Furthermore, regarding the institutional model for Village Community Empowerment, BUM Desa has actually been mandated in Constitutional Number 23 of 2014 on Regional Government, especially in article 213, paragraphs 1, 2 and 3. The Government Regulation Number 72 of 2005 about Villages, in particular of articles 78, 79, 80 and 81, Permendagri (Minister of Home Affairs Regulation) Number 37 of 2007 about Village Financial Management, in particular article 19 and Permendagri (Minister of Home Affairs Regulation) Number 39 of 2010 over Village-Owned Enterprises (BUM Desa), is in article 1 paragraph 6.

This integration process must occur in BUM Desa, which academics call the internalization process out. If this acceptance and recognition process has occurred in BUM Desa, then BUM Desa will have the support of all villagers. The spirit of participation will also grow and strengthen after this. The concept of BUM Desa that is done seriously will be able to occupy labor. The presence of BUM Desa in principle should not blow down the local community's business. Instead, BUM Desa must be able to become a forum that embraces and develops the potential and business of the village community.

Referring to the descriptions above, it can be seen that the role of institutions is very important in regulating the resources and distribution of the benefits of implementing BUM Desa, especially in the District of Ciamis, for that institutional element need to be considered in an effort to increase the village potential to support village development. With the existence of a well-planned and well-conceived BUM Desa institution, the community and the village economy will be greatly helped, especially in terms of regulating cross-relationships between input owners in initiating village economic outputs and in regulating the distribution from their outputs.

Institutional strengthening in this case means optimizing local functions that function as a forum for implementing, preserving, as well as developing existing traditions. In this case, the community is given the authority to explore the knowledge system and functional values needed so that they are able to participate while still based on their identity and cultural roots. Often the development of conservation and local wisdom is not only socio-culturally oriented, but also economic, a kind of local tourism development. In this way, so that the local institutions, especially instrengthening BUM Desa, must have optimal functions and roles, they should further increase the contribution and role of individuals in professional development management and not ignore the policies that are the basis and macro environmental conditions.

Several previous studies have shown that SSM is quite appropriate to be applied in order to find a model for strengthening the institutional capacity of Village-Owned Entities, especially in the District of Ciamis. Soft System Methodology or SSM which is part of systems thinking, is a method that is able to describe problems holistically, where system thinking is a process to understand a phenomenon by not only looking at it from one or two particular sides.

Strengthening the capacity of the BUM Desa institutional system by implementing the SSM system is considered to be able to strengthen:



1. Institutional reform needs to be strengthened with regulatory support.
2. Organization strength leads. The government needs to implement a new approach that is able to stimulate and move the wheels of the economy in villages, through the establishment of economic institutions that are fully managed by village communities as Village-Owned Entities (BUM Desa).
3. Human Resources. In this case, BUM Desa must be managed professionally by competent human resources and keep a record to earn profits

Based on the results of the discussion, it can be concluded that an effective model for institutional strengthening of BUM Desa in the District of Ciamis is by referring to the Soft System Methodology or SSM and modifying institutional strengthening which includes systems, organizations and individuals as well as technology and culture. The seven stages of SSM in strengthening BUM Desa institutions in the District of Ciamis are:

1. The situation is considered problematic. Determining and understanding the situation of the problem happening while strengthening BUM Desa through the development of individual skills and competencies of BUM Desa managers, development of culture which is not optimal yet, systems and processes into the authority of BUM Desa organization do not optimally develop yet as well as in strengthening the organizational outbound links of BUM Desa.
2. Problem situation expressed (Stating the problem situation), namely the management and institutionalization of BUM Desa has not been maximized.
3. The root of the definition of relevant purposeful activity systems. Choose a point of view to see the situation: framework, policy rules, distribution and absorption of funds, organizational structure, decision making, procedures and mechanisms, arrangement of facilities and infrastructure, licensing, external and internal environment , knowledge, skills and behavior
4. Conceptual models of the systems named in the root definitions. Concepting the model and generating what the definition of the root of the problem is, through the theory of institutional strengthening according to Hilderbrand and Grindle (2007), by having the development of system capacity (framework, policy rules, and funds), organization (structure organization, decision-making processes, procedures and mechanisms, arrangement of facilities and infrastructure, licensing and external and internal environment) and individuals (knowledge, skills, behavior and motivation)
5. Comparison of models and reality. Comparing the model with the reality, includes:
 - a. General phenomena (current conditions) such as the economy and people's incomes are still low, public health is still not evenly distributed and the results of environmental development are not evenly distributed.
 - b. Expectations (desired conditions) for example increasing the community's economy, equitable access to public health and equitable environmental development outcomes
6. Changes are systematically desirable, culturally feasible. Stating changes that are expected and possible, including to making efforts for:
 - a. Development of individual skills and competencies so that each individual is able to carry out the duties and responsibilities they carry, especially in strengthening the BUM Desa
 - b. Development of culture, systems and processes into the organization authority of BUM Desa.
 - c. Development and strengthening the external of BUM Desa in order to develop intensive, extensive, and solid partnerships.
 - d. Action to improve the situation. Take action to improve the reality by making efforts in strengthening BUM Desa through: a. System, b. Organization, c. Individual, d. Technology, and e. Local Culture.
7. The following is a model that is considered effective for strengthening BUM Desa in the District of Ciamis:

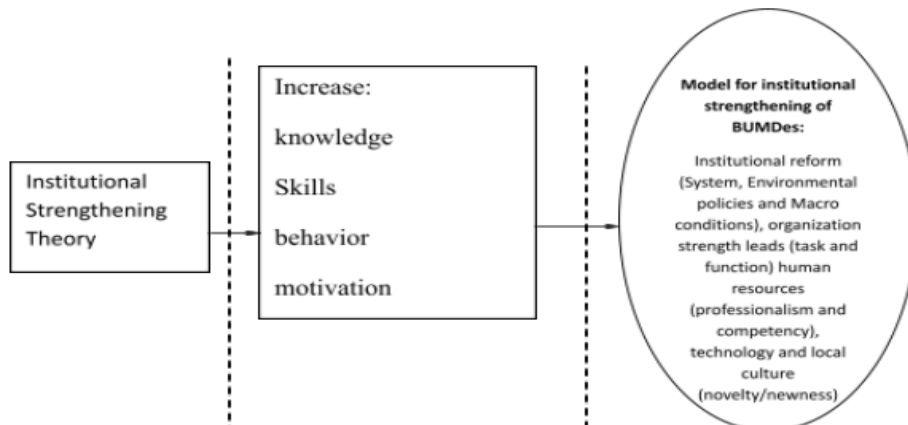


Figure 1. An Effective Model for Institutional Strengthening of BUM Desa in Ciamis District.

Based on the figure above, it can be concluded that the model for strengthening the institutional capacity of Village-Owned Entities (BUM Desa) in the District of Ciamis will be more effective if:

1. Implementation of strengthening BUM Desa institutionalization in the District of Ciamis;
2. The factors that influence the BUM Desa institutionalization in the District of Ciamis are determined by the system, organization and individual.
3. An effective model for strengthening BUM Desa institutionalization in the District of Ciamis is by referring to systems, organizations and individuals, technology and local culture.

From the figure above, it can be concluded that the researcher modified the model for strengthening the institutional capacity of Village-Owned Entities (BUM Desa) in the District of Ciamis, especially in two respects which are technology and local culture, so that the process of strengthening BUM Desa institutionalization in the District of Ciamis is quite flexible and not stiff. The development of technology is something that cannot be avoided, because the use of good technology will assist in the completion of various programs and activities, including the development of BUM Desa in the District of Ciamis. Meanwhile, the local culture will help policy initiators, especially from BUM Desa to develop BUM Desa themselves and adapt to the needs of their region as well as accommodate various other interests needed by their community.

4. CONCLUSION

The conclusions of this study are as follows:

1. The BUM Desa institutionalization in the District of Ciamis has not been fully maximized because there are still several BUM Desa are still not optimal in developing their organization, for example the formation of BUM Desa which is less mature in terms of planning, controlling, monitoring and coordinating.
2. It was found that the factors that influenced the weakness of BUM Desa institutionalization in the District of Ciamis were mainly caused by institutional reform (system, environmental policies and macro conditions), organization strength leads (task and function), human resources (professionalism and competency) and other factors which eventually became novelty. One of the weak factors in strengthening BUM Desa institutionalization is that the framework system of BUM Desa has not fully clarified the roles of each worker
3. The model that can be used to strengthen the BUM Desa institutionalization in the District of Ciamis is a model that refers to:
 - a. Institutional reform in particular related to the application of the system is the Soft System Methodology (SSM) which is considered quite appropriate to be applied, because the Soft System Methodology is part of System thinking which is a method that is considered to be able to describe the problems of BUM Desa, especially BUM Desa in Ciamis Regency holistically, where system thinking is a process to understand a phenomenon by not only looking at it from one or two particular sides, for example, the phenomenon of poor village conditions because of its under-



exploited potential, whereas if the village's potential is explored it can open up job opportunities so that it will create job opportunities. Impact on the decrease in the unemployment rate, next is the community's economy which has not increased due to the low average income of the population.

- b. Organizational strength leads. In this case, the government applies a new approach that is expected to be able to stimulate and move the wheels of the economy in villages, through the establishment of economic institutions which have been fully managed by village communities as Village-Owned Entities (BUM Desa). So, it is time for the village to get serious attention from the government with the formulation of policies related to economic empowerment carried out by collecting and institutionalizing community economic activities. Specifically in the District of Ciamis, the implementation of BUM Desa is under the auspices of the Village Community Empowerment Service (DPMD);
- c. Human Resources. Regarding human resources, it is the implementation of BUM Desa managers in each village. Each individual needs to be equipped with various kinds of expertise, knowledge and skills. With additional knowledge and education, it should be able to help individuals to complete various jobs and overcome problems in the BUM Desa framework.

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