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# Development of BUMDesa to Increase the Economic Resilience of The Community in Au Wula Village

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## ABSTRACT

**Purpose:** This study aims to find out and analyze the application of management, collaboration with other parties, and local economic development of BUMDesa to increase the economic resilience of the community in Au Wula village.

**Methodology:** The research design is a research-based development. The development design is based on the model of increasing community economic resilience through BUMDesa management practices and the PIID-PEL program approach. The stages of the research consisted of pre-field, implementation, data analysis, data presentation, drawing conclusions, and checking the validity of the data.

**Findings:** The results showed that the increase in the economic resilience of the Au Wula village community was the result of the development and implementation of: (1) General management elements at BUMDesa include planning, organizing, directing, coordinating and controlling; (2) Collaborative management with 60 farmers, adding manpower, synergizing transportation, opening a vegetable market, and scholarship programs from elementary schools to master's programs; (3) Development of the local economy through the establishment of ecotourism centers, MSME centers, and the involvement of youth groups.

**Implications:** Development and application of general management, collaborative management, and local economic development at BUMDesa can be used to grow and increase economic resilience in villages.

**Practical implications:** Implementation of management governance, collaboration, and local economic development in the village.

**Originality/value:** The application of governance includes management, collaboration, and local economic development will grow and increase village economic resilience.

**Paper type:** Research paper

**Keyword:** *Economic Resilience, Management, Collaboration, BUMDesa.*

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## I. INTRODUCTION

According to Law Number 6 of 2014, the village is a legal community unit that has regional boundaries that are authorized to regulate and manage government affairs, the interests of the local community, based on community initiatives, origin rights and or traditional rights that are recognized and respected in the state government system. Unitary Republic of Indonesia (NKRI). Yabbar & Hamzah, (2015) explain village authorities include (1) managing households and residents to create order and certainty; (2) managing public goods including public services for the welfare of villagers; and (3) being responsible for decisions in managing and managing the village. Village economic development aims to create a village economic environment that provides space for the community to enjoy a healthy, creative and innovative life (Maryunani, 2018). Rural development is faced with the potential of natural and human resources which are the main support and the availability of an adequate market.

In fulfilling the needs of life and community welfare, BUMDesa as a government and social organization is in direct contact with the governance of production, consumption, marketing of goods and services (Theresia, 2014). In line with developments and changes in the structure of competition for local products with foreign

products, the function of new products that are able to replace the function of local products, and changes in the bargaining power of suppliers have become important factors that must receive attention in business management (Bamford & Bruton, 2011; Hasnatika & Nurnida, 2018; Sugiyarti, 2015). BUMDesa, guided by higher regulations, are expected to be able to carry out village management to deal with all existing changes and be able to have a good impact on society. Iskandar, (2023) says that BUMDesa until 2020 optimally have not been able to build partnerships with other business entities, have difficulty accessing capital, or credit schemes from financial institutions. This is because most BUMDesa do not have clear legal institutional status. The enactment of Law Number 11 of 2020 concerning Job Creation and technically giving birth to Government Regulation Number 11 of 2021 concerning implementing rules for BUMDesa has placed BUMDesa legal ownership as a government institution with a legal entity. With this status, BUMDesa will quickly move to build a business that is economically and socially profitable.

Building community economic resilience on a local or regional scale requires the ability to anticipate risks, evaluate the impact of these risks on key economic assets, and build responsive capacities (Hubeis, 2012). Zaelani & Rachmah, (2021) identify general attributes of regional resilience, including resistance, recovery, re-orientation, and renewal. Structuring village economic institutions through BUMDesa is a must in structuring village economic structures. BUMDesa is expected to be able to support community production activities, build collaboration between parties, and become a liaison between the community and offtakers to create a market mechanism that benefits all parties (Nasution, 2015). Based on this position and expectation, BUMDes will play a major role in driving the community's economy as a distributor of basic needs and establishing partners for the development of information and technology so that it can provide guarantees for increasing the economic resilience of rural communities (Anwar, 2019).

BUMDesa Au Wula in West Detusoko village, Detusoko sub-district, Ende NTT is a village economic institution that is responsible for managing and advancing the economic resilience of the Au Wula village community. The results of interviews with BUMDesa Au Wula revealed several problems including: (1) The implementation of organizational management was not optimal so that community business development, collaboration with various parties, and financial management were not optimal; (2) There are errors in the planning and selection of business units based on an analysis of the feasibility level and choice of business units; (3) There is no clear pattern of collaboration within BUMDesa which is based on an analysis of collaboration with other institutions; and (4) Lack of BUMDesa attention in developing local potential and market needs based on the level of analysis of production feasibility and market needs.

Based on this analysis, the development of BUMDesa Au Wula must be carried out to produce better performance. Development is carried out through changes to the work system and governance of BUMDesa which lead to a digitalization system, especially in technical management of financial management and marketing of BUMDesa superior products (Sidik, 2020). To carry out this development requires a management approach based on village potential, social conditions of the community, and linkages with technology. In this study, researchers focused on research on village management and governance development analysis including BUMDesa management, collaboration between villages and sub-districts, collaboration with community groups in developing local business units, superior product marketing scenarios, collaboration with offtakers and local government support. Through this research focus it is hoped that it can provide a specific description of increasing the economic resilience of the Au Wula village community through the development of BUMDesa.

## II. METHODS

This research is designed to develop a BUMDesa management and governance system to increase the economic resilience of the community. Based on the research goals and objectives, the research method used is an effective development model and there is compatibility between the approach and the product to be produced. The development model used, namely ADDIE, includes analysis, design, development, implementation, and evaluation (Sugiyono, 2016). The procedure for developing the Au Wula BUMDesa management and governance system is described as follows.

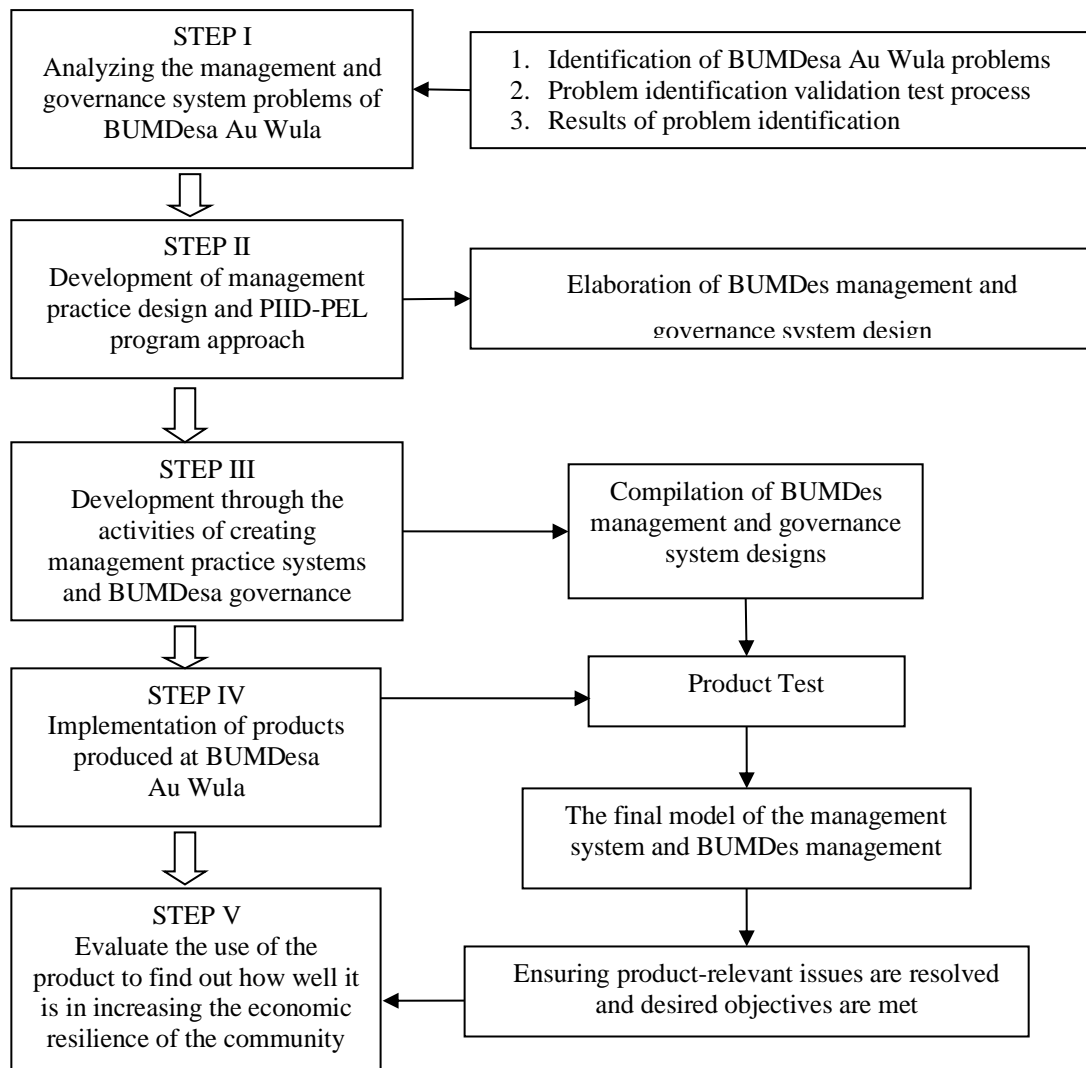


Figure 1. ADDIE Model Research and Development Procedures (Sugiyono, 2016)

Research and development procedures include:

Step 1. The identification of BUMDesa Au Wula's problems includes the implementation of organizational management that is not optimal, there are errors in planning and selecting business units, there is no clear pattern of collaboration within BUMDesa, and BUMDesa's lack of attention in developing local potential and market needs.

Step 2. Development of BUMDesa management and governance systems through the PIID-PEL (Pilot of Village Innovation Incubation–Local Economic Development) program approach. Development of a management system through BUMDesa management practices focused on implementing management strategies. For governance it is focused on organizational control planning and operational planning which is implemented through the PIID-PEL BUMDesa Au Wula program includes supply chain management, business to business, institutional arrangements, market driven policies, increased productivity and added value.

Step 3. The preparation of a management system design includes consolidating micro-enterprise development, strengthening local institutions, building cooperative networks and developing human resources, and standard operating procedures for BUMDesa. The preparation of the governance design is focused on control planning and operational planning activities. Control planning includes village meetings and the BUMDesa organizational structure. Operational planning activities include product differentiation, collaboration, market and digitization.

Step 4. The resulting BUMDesa management and governance system is applied to related parties, namely the Head of West Detusoko Village, Au Wula BUMDesa General Director, Detusoko Barat Village BPD Management, Au Wula BUMDesa Treasurer, and Au Wula Village BUMDesa Business Partner Group.

Step 5. Conduct an evaluation related to the implementation of the BUMDesa Au Wula management and governance system to increase the community's economic resilience.

### III. RESULTS AND DISCUSSION

The results of problem identification, design, development, implementation, and evaluation of the Au Wula BUMDesa management and governance system are as follows.

#### 1) Identification and Needs Analysis

- a. Identification of problems that occur in BUMDesa Au Wula include organizational management that is not optimal, the quality of available human resources is still low, errors occur in planning and selecting business units, there is no pattern of collaboration or cooperation with various related parties, and lack of attention to potential development local and market needs.
- b. The problem identification validation test process is carried out through: (1) Data analysis and development of BUMDesa Au Wula; (2) Analysis of the availability of regulations, development of reports on the use of funds, organizational structure and completeness; (3) Analysis of human resources and skill level of managers; (4) Analysis of the level of business feasibility and choice of business units; (5) Analysis of collaboration with other institutions; and (6) Analysis of the level of feasibility of production and market needs.
- c. The results of problem identification indicate that there is a need related to a management and governance system that is in accordance with BUMDesa needs. The results of problem identification are described as follows.

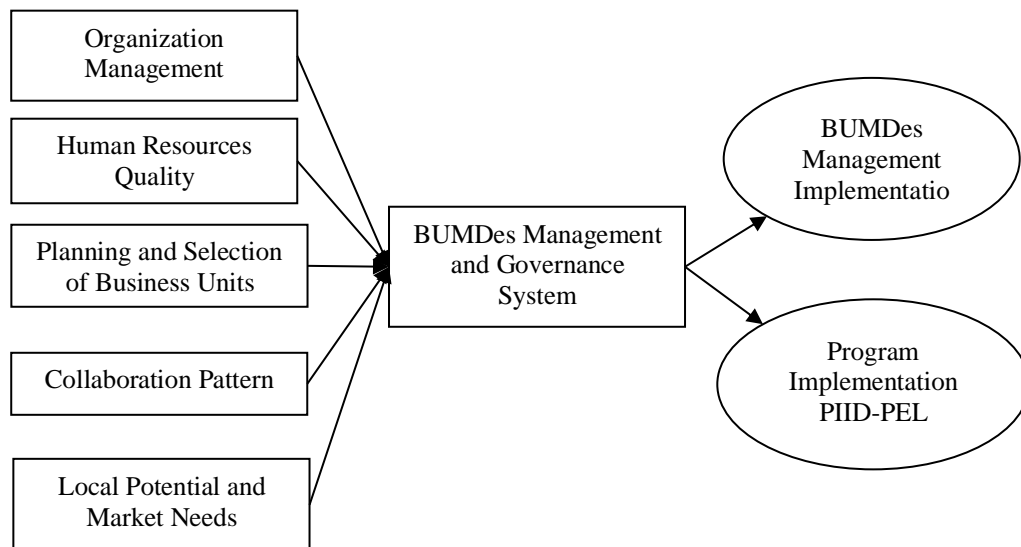


Figure 2. Problem Identification Results

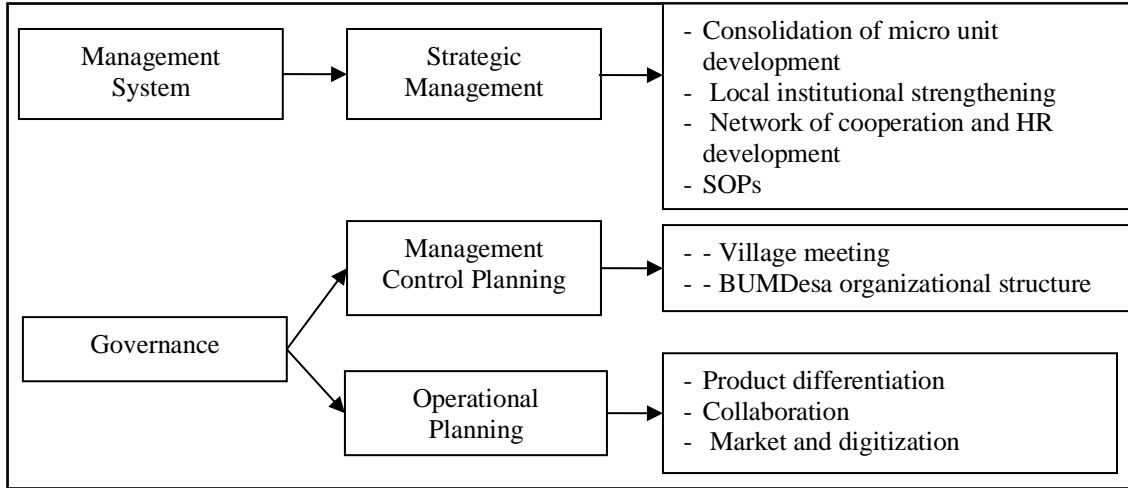
- d. Analysis of the research object through the implementation of the management and implementation of the PIID-PEL program is expected to be able to apply BUMDesa management to the fullest, improve the quality of human resources at BUMDesa, the ability to establish cooperation and collaboration with related parties, and be able to develop the local economy through natural resources and available local potential.

#### 2) Results of Design Development

- a. The BUMDesa Au Wula management system includes planning, organizing, actuating, leading, commanding, coordinating and controlling.
- b. The governance of BUMDesa Au Wula includes: (1) Product differentiation system and village attractions; (2) Village government support for developing a participatory development system based on local wisdom and culture that is adaptive and sustainable; (3) Mobilization of local resources; (4)

Management of tourist villages; (5) Building collaboration with the parties; (6) Create a collaboration scheme with higher education institutions; (6) Developing a local economy based on local potential and local wisdom.

The Au Wula BUMDesa management and governance model is described as follows.



*Figure 3. Au Wula BUMDesa Management and Governance System Model*

3) Results of the Au Wula BUMDesa Management and Governance System

The BUMDesa management and governance system is explained as follows.

- a. Village strategic planning which is reflected through the vision and mission which is an integral part of the technical strategy of BUMDesa Au Wula.
- b. BUMDesa management that operationalizes all village strategic plans.
- c. Village government support through village regulations and budget allocation for venture capital investment.
- d. Provision of access and village supporting infrastructure.

4) Implementation of the BUMDesa Au Wula Management and Governance System

The implementation of the BUMDesa Au Wula management and governance system for related parties who are the object of research, namely the Head of West Detusoko Village, General Director of BUMDesa Au Wula, BPD Management of West Detusoko Village, Treasurer of BUMDesa Au Wula, and BUM Business Partner Group of Au Wula Village is described as follows.

*Table 1. Au Wula BUMDesa Management and Governance System Implementation Activities*

<i>Stages</i>	<i>Activity</i>	<i>Implementation</i>
<i>Strategic Management</i>	<i>Work system</i>	<i>The BUMDesa Au Wula organizational work system proceeds instinctively by relying on the strong determination of the general director</i>
	<i>Strengthening local institutions</i>	<i>Funding support from village funds in an equity participation scheme determined through village deliberation forums</i>
	<i>Strategic planning process</i>	<i>Preparation of technical and strategic work plans starting from the formulation of goals and strategic plans for the development of potential business units</i>
	<i>Strategic planning decisions</i>	<i>Micro business development</i>

*Institutional strengthening and cooperation network with village community business organizations (business groups)*

*As a micro business empowerment agent*

*Management system*

*Implementing village potential-based planning management patterns with the main slogan "Building from Village and Villages"*

*Strategic planning*

*A business strategy based on the consolidation of local villagers' businesses, the development of an adaptive local culture and participatory-based totality from all components of society.*

*Management Control Planning*

*Planning scheme to control work management that is transparent and accountable with participatory principles*

*Village institutions (village meetings)*

*BUMDesa AD/ART*

*Implementing organization*

*Human resources (recruitment, structure, duties and responsibilities of implementing BUMDesa)*

*Business development based on local potential*

*Oversight unit*

*Operational Planning*

*Development of product differentiation*

*Innovation and differentiation of MSME products as community-based village superior products*

*Collaborative technical scheme*

*Organizing community business groups*

*Collaboration with local and central government agencies*

*Collaboration with political institutions*

*Collaboration with universities*

*Collaboration with the business world*

*Digitization scheme*

*Development of product digitization and tourism villages*

5) Evaluation of the Implementation of the BUMDes Management and Governance System

The application of management and governance systems to increase community economic resilience can be described as follows.

1. BUMDesa Au Wula management which consists of planning, organizing, directing, organizing, and controlling. The results of implementation in terms of strategic management are described through the following general structure of BUMDesa.

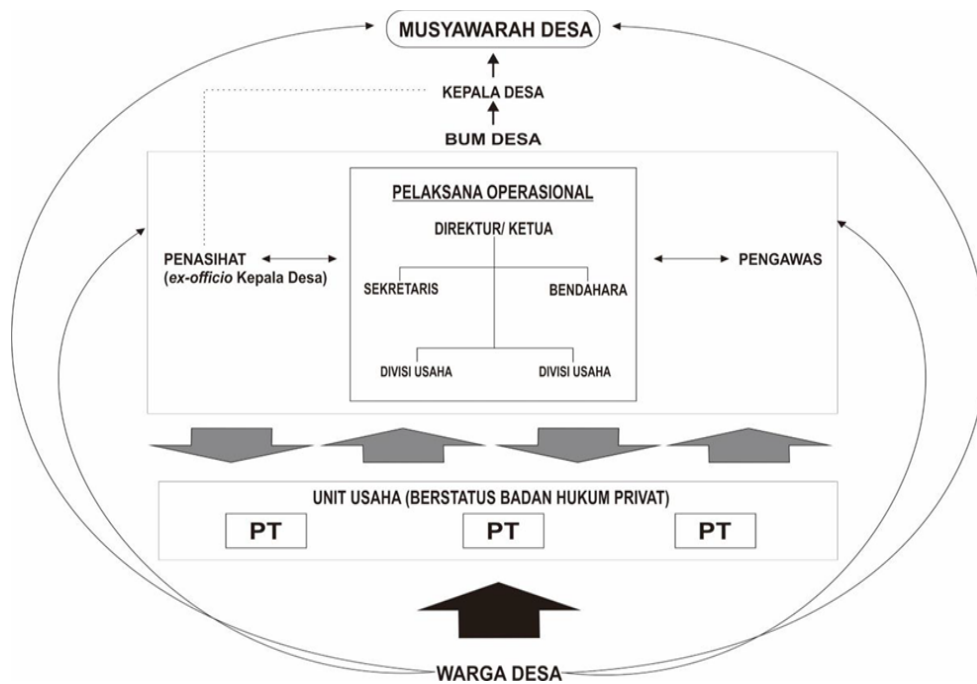


Figure 4. General Structure of BUMDesa Au Wula

2. The results of implementing strategic planning, management control planning, and operational planning carried out by BUMDesa Au Wula resulted in:
  - a. Development of Tourism Villages: development of cultural attractions, management of cultural centers, tourism awareness groups (Pokdarwis), and local cultural performances. The form of tourism village development is described through agro-tourism activities and cultural attractions as follows.



Figure 5. Cultural Attraction & Agro Tourism BUMDesa Au Wula

- b. The village and product digitization scheme is complemented by a village tourism map which can be accessed through the following <https://dapurkita.bumdesmart.id/> and <https://decotour.bumdeswisata.id/>.



Figure 6. Village Digitization & BUMDes Au Wula Product

- c. Management and development of BUMDes business villages that focus on two main areas, namely trade and tourism. The trading sector includes trading in coffee, local rice, and horticulture. The tourism sector includes homestays, agro-tourism, educational tours and cultural performances. Trade and educational tourism as a form of the results of the management and business development of BUMDes Au Wula are described as follows.



Figure 7. Trade and Educational Tourism BUMDes Au Wula

- d. Development of supporting infrastructure and operational instruments including: (1) Product marketing management and product digitalization and village tourism potential; (2) Au Wala BUMDes collaboration management with Bank NTT in the form of tax payment cooperation, e-wallet transactions, sales of electricity pulses, TV, and tour packages; (3) Collaboration with the Ministry of Tourism and the Ministry of Villages in the form of developing a new platform targeting the entire island of Flores and Indonesia via <https://decotour.bumdeswisata.id/>.
- e. An overview of the impact of BUMDes Au Wala digitalization management includes:
  - 1) Collaborating with 60 farmers from 8 villages/ 3 districts



- 2) Adding manpower and synergizing with 15 motorcycle taxis and 4 pick-up vehicles
- 3) Opened a vegetable market 2 times a week for the Ende, Mumer and Sabu Raijua areas.
- 4) Increase in the number of vegetable customers by 500 people in the past year.
- 5) Able to provide scholarships to 15 elementary school students, 30 high school students in the Bali Wise program, 6 college students in Kupang, and 1 master program in the USA.
- f. Campus and village collaboration through an entrepreneurship training scheme provided by universities for young groups (kawulomuda). In addition, a capacity strengthening scheme was also developed through workshops and exposure to village-based entrepreneurship. The form of campus and village collaboration is described as follows.

## Pelatihan Ala Kampung



Figure 8. Collaboration between Campus and Village in BUMDesa Au Wula

### 3. Local Economic Development

The basic essence of BUMDesa Au Wula in the local economic development scheme is in line with PIID-PEL, namely through network building. BUMDesa Au Wula cooperates through an open relationship between producers (individuals or groups of vegetable farmers, Pokdarwis, Homestays, Karang Taruna Groups and business partners both locally and between regions and regions). The BUMDesa organization has formed an Integrated Ecotourism center based on local potential through Detusoko Agro tour, Lepalio Cafe and Farmer Filed activities with a digital market transformation scheme. Coffee tourism attractions, agro trails: rice fields, cultural center attractions, various culinary sensations at Lepalio Cafe, explore various Detusoko souvenir products. All of these activities are real portraits of local economic development that have high value both from an aesthetic and historical standpoint. As a whole it is connected in one Au Wula BUMDesa management which is packaged in a digital-based collaborative scheme.

Based on the results and discussion, it can be concluded that the implementation of the management and governance system at BUMDesa Au Wula is able to very well increase the economic resilience of the community. The application of BUMDesa management and the implementation of the PIID-PEL program which is structured based on the BUMDesa management and governance system based on the needs of organizational management, quality of human resources, planning and selection of business units, patterns of collaboration, as well as local potential and market needs is able to lead Au Wula village to become a Champion 3 Village Festivals assisted by Bank NTT 50 Best Tourism Villages in the Developing Village Category.

## IV. CONCLUSION

Based on the results and discussion, the conclusions from the research are as follows.

1. Implementation of management and governance systems in BUMDesa management and implementation of the PIID-PEL program in Au Wula village.
2. The management and governance model consists of strategic management, management control planning, and operational planning.
3. The results of implementing the management and governance model are in the form of tourism village development, village and product digitization schemes, business village management and development,

development of supporting infrastructure, an overview of the impact of digitalization management, and campus and village collaboration through entrepreneurship training schemes.

4. A local economic development scheme that is implemented in line with the PIID-PEL program.
5. The development of BUMDesa can very well increase the economic resilience of the community in Au Wula village.

Dissemination of research results include:

1. BUMDesa that have local potential in the form of products or tourism potential can apply the results of this research to develop the economic resilience of local village communities.
2. The application of BUMDesa management and governance systems through digitalization programs, collaboration with related parties, government support, development of infrastructure is an important component that must be carried out to advance the economy of rural communities.
3. The leadership system and work experience of a BUMDesa leader make a major contribution to changes in management and governance, so that to advance BUMDesa a leader who is competent in his field is needed.

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