Abstract:
Bumdes is a village business unit whose capital comes from village-owned funds. The goal is to float the village potential into an independent village. Thus it takes effort and strategic and appropriate tips to achieve that goal. The first tip is to establish a forum for the development of economic networks in this case is the establishment of BUMDES. Some of the things that can be done are: (i) development of human resources capability so as to provide added value in the management of village economic assets, (ii) integrating rural economic products so as to have good bargaining position in market network, (iii) strengthening village economic institutions, (iv) developing supporting elements such as micro-credit, market information, technological and management support, economic infrastructure and communication networks as well as support for guidance and regulation.

1. Preliminary:
An economy rural area is an important part as well as weak point support reinforcement per an rural economy. Therefore, it is necessary to systematically encourage this organization to be able to manage the strategic economic assets of the village. The objective is to develop economic networks and enhance the competitiveness of rural economies and empower villagers (Yuesti, et al, 2018, Sumantra and Yuesti, 2017, Yuesti 2015). Thus it takes effort and strategic and appropriate tips to achieve that goal. The first tip is to establish a forum for the development of economic networks in this case is the establishment of BUMDES.

The issuance of Law Number 8 Year 2005 regarding the Amendment to Law Number 32 Year 2004 regarding Regional Government, as mandated in Chapter VII of the fifth part stating that the Village Government may establish a Village Owned Enterprise in accordance with the needs and potential of the village in the hope of increasing revenues communities and villages. As a follow up of the implementation of the establishment of BUMDES, then based on Article 78 of PP 72 of 2005 on Village, it is explained that the Municipal Government needs to stipulate a Regional Regulation on Village Owned Enterprises. Further described in Permendagri No. 39 of 2010 that in order to improve the village government's financial capacity in administering the government and increasing the income of the community through various economic activities of rural communities, a village-owned enterprise has been established in accordance with village needs and potentials. In this context, BUMDES is basically a form of consolidation or reinforcement of rural economic
Institutions. BUMDES also an instrument empowerment and empowerment of the local economy with various types of potential. The empowerment and empowerment of potentials aims to improve the economic welfare of the villagers through the development of their economic enterprises. In addition, the existence of BUMDES also contributes to the improvement of the village's original revenue source which enables the village to be able to optimally develop and improve the people's welfare.

In order to raise the rural economy, it is necessary to develop the Development Effort of the Independent Community Empowerment (UP-EKM) in the framework of community empowerment (Yuesti, et al 2018, Yuesti and Sumantra, 2018, Sumantra and Yuesti 2016, Sumantra and Yuesti, 2017, Yuesti 2015). The goal is to explore the potential of the rural economy by exploring and empowering the potential of the village. Some of the things that can be done are: (i) development of human resources capability so as to provide added value in the management of village economic assets, (ii) integrating rural economic products so as to have good bargaining position in market network, (iii) (iv) strengthening village economic institutions, (v) developing supporting elements such as micro-credit, market information, technological and management support, economic infrastructure and communication networks as well as support for guidance and regulation.

2. Objectives and Benefits:

The purpose of Community Independent Economic Development Enterprises As a Village Owned Enterprises are:

a) Strengthening the ability of UP-EKM as an instrument of community empowerment through the development of role as Village Economic Institution with focus on improving Self-Sufficiency of Healthy Rice through Rice Farmers Independent Health Group (KTBS-M) as main activity, independent Livestock Group (KT-M) as supporting activities, The Small and Medium Entrepreneurial Self (KWKM 2) group in this case is the development of microfinance business as a supporting activity

b) Developing economic potencies in the rural areas to promote the economic capacity of rural communities as a whole. With this role it will be able to develop the real sector in rural areas capable of opening employment in order to overcome unemployment.

c) Strengthen village financial and economic management to support the ability of village government in carrying out governmental tasks, development and service to the community optimally.

3. Scope and Literature:

Based on Permendagri No. 39 of 2010 , Sections III, Articles 12 and 13, BUMDES have scope of business : a) services; b. distribution of nine basic commodities; c. trade in agricultural products; and / or d. small industries and households. These businesses can be developed in accordance with village needs and potentials.

Service businesses with rural perspectives are micro finance services while the distribution of nine basic commodities which can be developed is the distribution of healthy rice, sugar, salt, cooking oil, soybean, and other foodstuffs managed through village stalls or village barns. Farming trade business that can be distributed is corn, fruits, vegetables. Small industry and household businesses that can be distributed include: food, beverages, people's crafts, alternative fuels; and building materials.

Selection of Business Types of Bumdies:

In the last few decades, business establishment has often been conducted with the aim of mobilizing government projects. The impact is that the activity does not develop. This is due to the selection of business types that are not in accordance with the potential of the village owned, the selection of human resources that are not appropriate, and supervision and assistance since the project is done until the end is not done optimally. Business development of BUMDes must be done on a pedestal basis

a. Availability of potential prospective. This needs analysis and assessment of feasibility studies.

b. Embryo of productive economic activity as a business core.

c. Development of economic activities that meet the needs of many organs.

4. Identification of Bumdies Opportunity:

Based on the problems faced by the villagers and their potential, BUMDes opportunities can be identified as follows:
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a. Main Idea activity is the development of self-sufficiency in rice is healthy through Independent Farmers Group Rice Health (KTBS-M) as the main activity, the Group Livestock Independent (KT-M) as supporting activities, the Group of Entrepreneurs of Small and Medium Independent (KWK M 2) in this case is the development of microfinance business as a support activity.

b. These three ideas have a high enough business opportunity with various levels of risk faced. Development of Self-Sufficiency in Healthy Rice through Independent Rice Farmer Group (KTBS-M) has 50% risk, Independent Livestock Group (KT-M) as supporting activity has 75% risk, Small and Medium Entrepreneurship Group (KWK M 2) in this case is the development of microfinance business as the supporting activity has the least risk of about 25%.

c. The main idea of having problems with nature is the possibility of harvest failure due to various problems such as pests, weather, and environmental conditions. The idea of supporters has a fairly complicated problem of disease, animal feed, and the risk of theft. While support activities are activities that can sustain if both the main activities and supporters fail.

d. In this case more in-depth survey is needed.

5. Election of Legal Body Agency:

In general, state-owned enterprises whether BUMN or BUMD is a business entity wholly or partly owned by the state or local government through direct participation derived from the state’s wealth or the wealth of local governments are separated.

Government-owned companies may take the form of a Limited Liability Company or a Persero or a Public Corporation or a Perum. Persero may take the form of a limited liability company whereby its capital is divided into shares wholly or at least 51 percent owned by the state or local government and aims to pursue profits. While Perum is a State-Owned Enterprise (BUMN) or state-owned enterprise (BUMD) whose capital is owned by the government and is not divided into shares aimed at increasing the general benefit of goods or services as a representation of government service tasks while pursuing profit based on the principles of corporate management.

Based on the above thinking, the Village Owned Enterprise (BUMDES) is a business entity which is wholly or partly owned by the Village Government through direct participation derived from the separated village wealth. BUMDES legal entity in this case is Village Company (PerusDes) the procedures for its formation are regulated in a Perda as well as at least the Decree of the Regent. Referring to the provisions of Law Number 5 Year 1962 concerning Regional Government Enterprises, it can be stated that the Village Company (PerusDes) is a legal entity obtained as a consequence of the enactment of a Regional Regulation on the Establishment of BUMDES.

The wealth of the village which is separated as BUMDES capital in this case includes all property belonging to the village either includes moving or non-moving goods which are sourced from the results of their own business, the result of cooperation or assistance from other parties, among others, various program assistance from various parties.

In relation to the development of UP-EKM as BUMDES, it is necessary to make prior agreement on the capital owned by UP-EKM as a village asset. In this case can be developed two thoughts, namely:

- **First**, the assets owned by UP-EKM are entirely transferred as village assets, and recorded as capital participation from the village at the time of establishment of BUMDES. This first way does not provide an opportunity for RTM to acquire ownership rights of UPK assets. However, to provide optimal benefit from UPK’s assets to RTM can be achieved by stating the provision that the portion of net profit earned by BUMDES (eg 25 percent) will be allocated as social funds intended to facilitate RTM.

- **Second**, the assets owned by the UP-EKM currently divided partly transferred as a government-owned assets of the village and most of the others are allocated as the shares held by each RTM with a specific mechanism whereby the utilization of the benefits will not fall in the hands of individual persons, but obtained jointly by RTM in the form of development of social security system. This second alternative is relatively fulfilling the principle of justice and provides a
favored guarantee for the RTM in the development of UPK BUMDES as an instrument of empowerment of RTM. However, it is necessary to make a proportion of the agreement and its governance in accordance with prevailing laws and regulations. village-owned enterprises with legal entity

Company Villages are formed based on Village Regulation (Perdes) which refers to the Regional Regulation (Perda) on the Establishment of BUMDES. Perdes in this case is established by the Village Government together with the Village Consultative Board (BPD).

The capital of BUMDES UPK as a Village Enterprise comes from:

- Property or assets of the village separated by its books. Each capital participation from the village asset is taken from the Revenue and Expenditure Budget (APBDES), the amount of which is determined based on the Village Regulation (Perdes).
- Deposits of public funds.
- Capital assistance from districts, provinces and governments. In this case the capital of UPK is transferred as a village asset.
- Loan capital from various financial institutions, venture capital and other institutions.
- Capital participation from various parties in the framework of profit-sharing cooperation on the basis of mutual benefit.

In the case of BUMDES choosing a legal entity of a Limited Liability Company, then its orientation is more on profit seeking. Capital establishment in the form of shares traded to each party who are interested in investing. The voting power and the amount of profit earned by each party depends on the value of the stock. Establishment of PT through Notary Certificate and Minister of Justice. The development of UP-EKM in the form of BUMDES of Limited Liability Company will usually be constrained by the amount of establishment fee that must be borne.

If BUMDES is a PT, the village government should:

- Has the largest share (minimum 51 percent), in order to direct the vision and mission of BUMDES in line with the public interest and responsibility of the village administration.
- Mobilization of funds by the sale of shares to individuals, institutions or groups in order to realize the achievement of goals (public propose), ownership (public ownership) and public control (public control) of BUMDES.
- Ownership of shares by village government should be institutionalized, not individual.
- The Board of Directors should be selected from professional circles and not from the village apparatus. In this case the existing UPK management has met the qualification as a Board of Directors which is not derived from the element of village government. While the village government involvement should be in the position of the Board of Commissioners. Board of directors has full authority in managing business operations. While the board of commissioners as the owner of the company is authorized to establish the strategic policy as well as the proposal of directors in the GMS.

If BUMDES form Firma, CV, UD or cooperative less suitable as an alternative institutional BUMDES. CV and UD more emphasis on individual or family business so less suitable with BUMDES as a village-owned business that is oriented to the public interest. While the cooperative is basically a collection of people. While BUMDES is a collection of capital where most of the capital comes from the wealth of the village that is separated.

6. Organization Management:

The BUMDES organization is outside the village governance organization structure. While the management of BUMDES selected based on village meetings and established under Village Rules. The structure of BUMDES Management consists of:

a) Village Governance as an element of the Board of Commissioners, Trustees or Board of Trustees. Head of Village and Chairman of BPD in ex-offisio become BUMDes Supervisory Agency.

b) Elements of society (from outside the elements of village government) as a Board of Directors or Board of Directors consisting of chairmen, secretaries, treasurers, or directors.
Management of BUMDES implemented by the Board of Directors or Board of Directors. The Board of Directors or Board of Directors is fully responsible for the management of BUMDES for the purposes and purposes of BUMDES and represents BUMDES, both inside and outside the court. In performing its duties, members of the Board of Directors or Board of Directors shall comply with the AR and BUMDES ART and applicable laws and regulations and shall be obligated to implement the principles of professionalism, efficiency, transparency, independence, accountability, accountability and fairness.

The supervision of BUMDES is conducted by the Commissioner and the Supervisory Board. The Board of Commissioners and the Supervisory Board are fully responsible for the supervision of BUMDES for the purposes and purposes of BUMDES. In performing its duties, the Board of Commissioners and the Supervisory Board must comply with the AR ART BUMDES and prevailing laws and regulations and shall implement the principles of professionalism, efficiency, transparency, independence, accountability, accountability and fairness.

Members of the Board of Directors or Board of Directors are appointed based on consideration of expertise, integrity and honesty, leadership, experience and high dedication in advancing BUMDES. The selection of members of the Board of Directors or Board of Directors should be conducted through fit and proper test. While the members of the Board of Commissioners and Board of Trustees are appointed based on the consideration of integrity, dedication, understanding of BUMDES management issues as well as enabling effective, timely and independent decision-making.

Appointment and dismissal Board, Supervisory Board or Board of Directors shall be conducted through GMS or forum in accordance with provisions of AD and ART BUMDES. The GMS also sets out strategic decisions, including among others: changes in the amount of capital, amendments to the articles of association, plans for the use of profits, long-term financing investments, corporate partnerships, establishment of business units, opening of subsidiaries or equity participation, transfer of assets or mergers, consolidations, acquisitions, dissolution of the company.

The stewardship period of BUMDES is determined 3 to 5 years according to AD and ART decisions. (ii) resign, (iv) unable to perform the duties properly to the detriment of, hamper the growth and development of BUMDES, (v) declared to have committed a criminal offense that is threatened imprisonment based on a court decision that has had permanent legal force.

**Duties and Obligations of Board of BUMDES:**

- Develop BUMDES as an institution that provides economic services according to the needs of village communities as well as able to optimize the PAD by exploiting the potential of the village.
- Submit work plans and budgets and implement business management BUMDES.
- Provide financial reports as well as accountability management BUMDES.

**Duties and Obligations of Supervisors BUMDES:**

- Follow the progress of the business and provide advice or ask the opinion of the board regarding any issues that are considered important for business management BUMDES.
- Conduct examination and report the results of supervision of the development of BUMDES activities to the Village Government.
- Protecting village businesses against things that could damage the sustainability and image of village businesses.

**Duties and Obligations of BUMDES:**

Nurture BUMDES covers the institutional, administrative, staffing and management aspects of business development.

Monitor the management of BUMDES and provide advice and opinions in troubleshooting.

The local government through the Regent / Mayor is obliged to coach the development of BUMDES in his area.

In order that coaching will not kill BUMDES ‘s creativity and independence, coaching must start from and rely on initiatives that have been
developed by the community and village government in managing BUMDES.

7. Management of BUMDES:

The approaches used in the management of BUMDES are:

- *Decentralization*, which is based on local initiatives in this regard the Village Government together with its community has a broad authority to manage and develop the BUMDES business.
- *Partnership*, where activities are carried out with the spirit of developing access to cooperation with various parties on the basis of mutual benefit.
- *Integration*, namely the desire to support each other, support and complement each other in order to facilitate institutional development and business BUMDES.

In order for BUMDases business management to develop, it is necessary:

- Development of a type of business that has a market prospect or is able to meet the needs of the vital sectors needed by the villagers.
- The service and service system is made simple and efficient so that it is easily accessible by the villagers.
- Always able to meet the tastes and demands of clients, consumers and society as its target market (*demand driven*).
- Managed in a transparent manner where there are supervisory and supervisory mechanisms to keep business management in a healthy and growing category.
- Able to generate profits that can foster capital as well as able to facilitate improving welfare for the villagers.

In the management of BUMDES, it is ensured that business management mechanisms really provide access to the drivers of the rural economy, improving the welfare of the villagers especially the RTM and ensuring the growth of the social security system through the allocation of BUMDES net profit for social funds and capital investment. This is related to the focus of Gerdu-Taskin program that wants to empower RTM by category:

- Vulnerable RTM (RTM-R), ie very poor communities and by certain causes have high levels of vulnerability and risk of living (*the extreme poor*).
- RTM Potential (RTM-B), namely the poor who have economic activity (*economically active working poor*).
- RTM Worker (RTM-P), ie low-income people (*low incomes*) but has no business or no interest in entrepreneurship but merely as a worker.

The approach used in the context of poverty alleviation is different for the three categories of RTM so that the goal of poverty alleviation is achieved. For RTM-R will be effective when used a direct approach in the form of grant in the form of basic needs *sustainable*. And to maintain the sustainability and independence of the village in serving this RTM-R, BUMDES must develop a social security system from the provision of net profit for social assistance in accordance with RTM-R needs. While for RTM-B and RTM-P is more effective when used indirect approach. For RTM-B allocated capital loans and business development facilitation through USP and USR partnerships developed by BUMDES. As for the RTM-P is more appropriately allocated policies to open employment in order to overcome the problem of unemployment in the village. This effort can be played by BUMDES by developing partnerships to open investments that provide business opportunities and employment opportunities.

8. Strengthening and Capital:

Some of Gerdu-Taskin UPK issues that need attention include among others the following table.

- a. The main problems faced in business development of BUMDES are: Capital Problems. HR issues, management and information technology. Problem Access marketing.
- b. BUMDES are generally constrained by technical requirements in accessing bank financing. In this case needed assistance by the Financial Consultant or BUMDES assistant to enable banking financing from this business can be optimized. In order to solve the capital problem for BUMDES, it is necessary to develop:
  - Capital Sources Institution, whether bank or non-bank. In this case required facilitation that allows BUMDES able to compile bussines plann which can attract financial institutions to
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- Support capital in the framework of business development.
- Monitoring agency, so that it can be prepared minimum service standards, supervision, audit, rating, and certification BUMDES.
- Business Partnership Institution. In this case, the business partnership may be core-plasma, sub-contract, agency, franchise or general trading.
- Guarantee Institution, where the government provides security for the money placed by the community on BUMDES that are engaged in the field micro finance. The existence of guarantees will stimulate public to save funds in BUMDES in the form of microfinance institutions.

**Efforts to overcome the problems of human resources, management, technology and marketing among others by:**

- Continuous improvement of human resources through training, mentoring, consultancy and apprenticeship programs for HR have understanding and skills in managing the business.
- Implement capacity-building assistance institutions and business management include operating systems, human resources and skills, product and service innovation, market access, services and business networks.

**Quality consists of several factors, among others:**

- Individual skills (skills to support work productivity or competitiveness in the field of work dilekinya).
- Emotional maturity (emotional intelligence) so easy to raise cooperation with other parties.
- Ability to work in team (team work) in the achievement of organizational goals.
- The ability to appreciate the values and needs of the community and sensitive to the changes and trends that occur (empathy).

**9. Steps To Be Prepared To Implement The Program:**

**Conclusion:**

Village Business Development Need to be continuously improved to: (i) development of human resources capability so as to provide added value in the management of village economic assets, (ii) integrating rural economic products so as to have good bargaining position in market network, (iii) competitive against economic development efforts, (iv) strengthen the rural economic institutions, (v) develop supporting elements such as micro credit, market information, technology support and management, economic infrastructure and communication networks as well as support the development and regulation.
Reference:


