The Role of Village-Owned Enterprises (BUMDes) in Enhancing the Economic Life of Village Communities in Parigi Moutong Regency

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ABSTRACT: This research aims to understand, identify, and find solutions to various problems faced by Village-Owned Enterprises (BUMDes) in their role of enhancing the economic life of village communities. The study employs several theories from the field of government science, linking them with the role of village economic institutions (BUMDes) in improving the economic life of village communities. The theories of village autonomy and the role of BUMDes are particularly utilized. The research adopts a qualitative design with a descriptive approach. It involves a number of informants, observations, Focus Group Discussion (FGD) activities, secondary data collection, literature studies, and the search for documents relevant to the research problem. The head of the household is used as the unit of analysis. The research setting is in Parigi Moutong Regency; however, due to the extensive area, only two villages in two districts are selected as research locations: Tomini Village in Tomini District and Jono Nunu Village in Central Parigi District. Data analysis is conducted using the process outlined by Miles and Huberman, which includes collecting data, displaying data, analyzing data, drawing conclusions, and verifying data. The findings of this research are expected to provide input for the government at all levels, especially the village government, to improve the management of BUMDes and further solidify the role of this village economic institution so that in a relatively short time, it can enhance the economic life of the community.


INTRODUCTION

Parigi Moutong Regency is one of thirteen regencies/cities within the Central Sulawesi Province. Spanning an area of 6,232 km², it is home to a population of 440,015 individuals. The region holds significant potential, particularly in the sectors of agriculture, plantations, forestry, and marine resources, leading the majority of its inhabitants to engage in these industries. The economic growth rate of the regency stands at 7.76%, ranking it among the highest in the region after Palu City, Banggai Regency, and Morowali Regency, each experiencing growth rates exceeding 11% due to the influence of oil and nickel mining commodities. Despite this, the Gini ratio remains wide at 0.34, indicating that the substantial economic growth has not been evenly distributed. In essence, the benefits of this growth are enjoyed by a select few, primarily entrepreneurs, while the majority of the population fails to experience its effects. Nonetheless, it must be acknowledged that the welfare of the regency’s community has improved over time, with poverty levels decreasing significantly, yet approximately 11% of the population remains impoverished amidst the local government’s efforts to reduce this percentage.

The rural communities of Parigi Moutong Regency are diligent workers. On this basis, one would expect an improvement in their economic status and welfare. However, the reality is different. Many still grapple with poverty and require government assistance for empowerment. In this context, the government has not been idle in its efforts to empower the community. Various initiatives and empowerment programs have been implemented. Indeed, success has begun to manifest, but it has not been uniform, leaving many community members trapped in poverty (Risa et al., 2021; Suciana et al., 2022).

In various economic sectors, such as farming, gardening, and fishing, numerous challenges persist (Cahyono & Nadjib, 2014), preventing the success of these endeavors. This situation has given rise to moneylenders who operate by lending money at high interest rates (Paratitiwi, 2021). They function both overtly and covertly, with these middlemen generally dominating the rural economy. Unwittingly, they dictate the lives of the community by offering loans with exorbitant interest rates. Some also purchase the produce of farmers and fishermen before the harvest. In this context, the moneylenders set prices at their discretion, meaning that the prices received by farmers and fishermen are not based on market forces, demand, and supply, but rather on the whims or determinations of the moneylenders. Consequently, farmers and fishermen do not receive fair and reasonable prices. The proceeds...
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from sales ultimately deplete in repaying debts to moneylenders or for the procurement of production facilities (Saprod) prepared by the moneylenders and borrowed by farmers and fishermen. Such factors contribute to the difficulty in increasing the income levels of farmers and fishermen.

On the other hand, the rural communities view these moneylenders (capital owners) as heroes. According to them, the moneylenders are saviors, providing working capital, and even willing to lend funds to meet daily living expenses (Parlina, 2017; Siahaan, 2015). Financial institutions such as banks could potentially assist farmers, but a significant barrier is the banks’ reluctance to provide loans without collateral. Most farmers and fishermen lack collateral or are unwilling to use their assets as such. Consequently, moneylenders continue to operate freely, perpetuating a cycle of debt as the need for funds to meet daily life expenses remains constant. This situation has become one of the factors contributing to the persistence of poverty in an area that should otherwise be prosperous.

Nationally, the government is aware of the circumstances described above. It responded by enacting Law No. 6 of 2014 concerning Villages. Subsequently, the Government established Government Regulation (PP) No. 43 of 2014 on the Implementation of Law No. 6 of 2014 concerning Villages, followed by the Minister of Villages Regulation No. 4 of 2015 on the Establishment, Management, and Dissolution of Village-Owned Enterprises. Based on these regulations, the Parigi Moutong Regency Government established BUMDes in every village since 2015, with the process continuing to this day. The Central and Parigi Moutong Regency governments believe that the presence or formation of BUMDes can play an active role in empowering rural communities in the economic sector, which in turn can improve their standard of living and welfare. Article 1 paragraph 2 of the Minister of Villages Regulation No. 4 of 2015 explains that BUMDes, subsequently referred to as BUM Desa, are business entities where all or most of the capital is owned by the village through direct participation from the separated village wealth to manage assets, service provisions, and other businesses for the greatest welfare of the village community.

The provisions for the establishment of BUMDes, as per the regulations that form their basis, indicate that it is a public policy that must be implemented as it concerns the well-being of the people. In practice, no community experiences change, in the sense of accelerated economic progress and poverty alleviation, without the intervention of others (working together), including the government and private economic actors as agents of change. The synergy of these three parties (government, people, and private business sector) is termed governance, which refers to the mechanisms, practices, and procedures by which the government, citizens, and private economic actors manage resources and solve public problems (Djafar & Sune, 2019; Suroatmojo, 2015). These three parties, in essence, stand on equal footing. Nevertheless, in everyday reality, the government is still expected to be present as the party that continuously initiates, facilitates, and takes a leading role, for example, in the form of preparing public policies.

Public policies created by the government are essentially framed to regulate the synergy of the three parties – government, private economic actors, and the community (governance) – with the primary aim of managing community life in the form of services, empowerment, and development, as well as regulation. Public policy is anything that the government chooses to do or not to do – whatever government chooses to do or not to do (Muadi et al., 2016; Wahab, 2021). In this sense, the focus of public policy is not only on what the government does but also includes what it does not do (Joko Pramono, 2020; Tahir, 2023). Public policy decisions made by the state, represented by the government, serve as strategies to realize the objectives of the nation. Public policy is a strategic pathway guiding society from its inception, through transitional phases, toward an envisioned future. The actions taken by the government, as well as those not taken, can have significant impacts on society. Inaction can be as consequential as action, affecting the community in profound ways.

Public policy is the decision-making process by which the state, in this case, the government, strategizes to actualize the goals of the respective nation. It is a strategy to lead society from its early stages, through a period of transition, towards the desired society.

Based on the discussions presented above, the research problem formulated for this study is: What is the role of Village-Owned Enterprises (BUMDes) in Parigi Moutong Regency in enhancing the economic welfare of the village communities?

This research problem seeks to explore the effectiveness of BUMDes as a mechanism for economic empowerment and development within rural areas. It aims to assess how BUMDes contribute to the economic prosperity of villagers and whether they serve as a catalyst for achieving the broader objectives of public policy in terms of economic welfare and sustainability. The study will examine the strategies employed by BUMDes, their alignment with public policy, and the outcomes of their initiatives in the context of Parigi Moutong Regency. The findings will provide insights into the role of BUMDes in the governance framework and their impact on the economic well-being of rural communities.

**RESEARCH METHODOLOGY**

This study employs a qualitative research design with a descriptive approach (Agustianti et al., 2022; Rukajat, 2018). Data and information were gathered through in-depth interviews, Focus Group Discussions (FGD), secondary data collection, literature reviews, and the examination of relevant documents in two villages: Tomini Village, Tomini District, and Jono Nunu Village, Central Parigi District. The unit of analysis is the head of the household.
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The analysis was conducted using the thought process outlined by Miles and Huberman, which includes collecting data, displaying data, data reduction, data analysis, drawing conclusions, and verifying the conclusions drawn. Thus, the analysis of this research was carried out in a circular manner as needed.

RESULTS AND DISCUSSION
1. General Overview of Parigi Moutong Regency
Parigi Moutong Regency is located in Central Sulawesi Province, Indonesia, with its capital at Parigi. Below is a general overview of this region.

1.1. Geographical Location
Parigi Moutong Regency is situated in the central part of Sulawesi Island, bordered by Tojo Una-Una Regency to the north, Poso Regency to the northeast, Donggala Regency to the east, Banggai Regency to the south, and Banggai Islands Regency to the west. The regency covers an area of 6,232 km² and has a population of 227,196 males and 215,974 females. It comprises 23 districts, 5 urban villages, and 278 villages that are spread longitudinally from the south to the north at the border with Pahuwato Regency, Gorontalo Province. Parigi Moutong Regency was established on July 2, 2002, by Law No. 10 of 2002 concerning the Formation of Parigi Moutong Regency. The creation of this autonomous region was intended to encourage and enhance the provision of services in governance, development, and community affairs to the people. It also aims to discover and maximize the utilization of regional potential.

1.2. Economic Potential of Villages in Parigi Moutong Regency
Generally, the economic potential of villages in Parigi Moutong Regency varies depending on several factors such as natural resources, infrastructure, human potential, and local government policies. The economic potentials of villages in Parigi Moutong Regency include:

- **Agriculture**: The villages in Parigi Moutong Regency have promising agricultural potential. Certain crops and food plants can be focused on, depending on the climatic conditions and soil quality.

- **Livestock Potential**: Livestock farming, such as cattle, goats, or poultry, provides a livelihood for the rural communities (Gorman, 2018; Herrero et al., 2013). Livestock products, such as meat, milk, and eggs, are sold in local markets or nearby areas.

- **Tourism Sector**: Some villages also have attractive tourism sectors. The natural beauty, cultural heritage, or other tourist attractions are appealing and enjoyable. Developing the tourism sector can be an economic opportunity (Sutawa, 2012; Telfer & Sharpley, 2015). Villages can develop homestays or local craft businesses to attract tourists.

- **Fisheries Sector**: The fisheries resources in this area are highly potential. Generally, the villages in Parigi Moutong Regency are located along the coast, making fisheries such as fish farming, fishery product processing, or fishing the main occupation of the people, in addition to the agriculture of food crops and plantations.

- **Development of Small Industries or Local Crafts**: The development of small industries or local crafts can be an option to improve the economy of villages in Parigi Moutong Regency. This can include the production of handicrafts, traditional textiles, or regional specialty foods.

It is important to note that the development of the economic potential of villages in Parigi Moutong Regency requires support from local governments, financial institutions, and the local community. Training programs, technical assistance, and adequate infrastructure can help promote sustainable economic growth in villages (Schroeder et al., 2019; Telfer & Sharpley, 2015).

2. Analysis of the Role of Village-Owned Enterprises (BUMDes) in Enhancing the Village Community Economy in Parigi Moutong Regency
The legal basis for the establishment of BUMDes in Parigi Moutong Regency is Law No. 6 of 2014 on Villages, which is reinforced by Government Regulation (PP) No. 43 of 2014 on the Implementation of Law No. 6 of 2014 on Villages. This regulation was later updated with the issuance of PP No. 47 of 2015 on the Amendment of PP No. 43 of 2014 on the Implementation of Law No. 6 of 2014 on Villages. Furthermore, to strengthen the legal basis for the establishment of BUMDes in Indonesia, including in Parigi Moutong Regency, the government issued Minister of Villages Regulation No. 4 of 2015 on BUMDes. The establishment of BUMDes in Parigi Moutong Regency differs from other BUMDes in Indonesia, especially on the island of Java. In those regions, BUMDes have long been established, moving, and working together with the community as a result of various empowerment programs conducted by both the government and private institutions, such as Non-Governmental Organizations (NGOs) that have been providing guidance and empowerment in various fields of community life, including the economic sector. As a result, an entrepreneurial spirit has emerged, grown, and developed among every member of the community, leading to the creation of village economic institutions like BUMDes. This was also triggered by the success of empowerment programs initiated and financed by the government that have facilitated and guided the work of village communities. This program
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is known as the PNPM Mandiri program. It has been relatively successful in fostering an entrepreneurial spirit among the community, especially in villages. Among other things, the program has contributed to providing knowledge, understanding, and experience to rural communities concerning the management of rural economic institutions. Consequently, the presence of BUMDes has been enthusiastically welcomed by the community, including in Parigi Moutong Regency. They are optimistic that the village economic institution named BUMDes will grow and develop and will emerge as an institution that can empower the rural economy. According to information obtained from various informants and Focus Group Discussions (FGD) during the research, BUMDes in Parigi Moutong Regency were established simultaneously in 2016. News of the impending establishment of a community economic institution had been heard long before that. The increase in the economic level or welfare of the village community is the aspiration of all parties. One of the goals of development in rural areas is to improve the people’s economy (Neumeier, 2012; Rodriguez-Pose & Hardy, 2015). Unfortunately, despite continuous efforts, even since Indonesia’s independence, the rural economy has not grown to its full potential as hoped, but welfare has begun to be felt. An example of this is the rural community in Parigi Moutong Regency. They are now beginning to prosper. Social life is developing rapidly, comparable to economic life. The community lives hand in hand, united, setting aside differences, enhancing and maintaining tolerance, making the villages appear to be inhabited by people who truly have a bright future. Economic and social life are progressing in tandem. This is one of the excerpts from the results of the Focus Group Discussion (FGD) organized in the village where this research took place. The economic growth of Parigi Moutong Regency experienced a decline, especially during the Covid-19 pandemic, with a -4.92% decrease in 2020, which is significantly different compared to before the Covid-19 pandemic in 2019, which was 8.24%. Today, after the pandemic up to 2023, the Central Bureau of Statistics (BPS) of Parigi Moutong Regency recorded that the economic growth rate of this region has returned to around 8.50%, as achieved in 2019 before the Covid-19 pandemic. Although the economy of this region continues to grow, the problem of poverty or the poverty rate is still evident among the community, especially in the villages. In 2021, the number of poor people was 76.79 thousand, although there was a decrease compared to the situation in 2019. The persistent presence of many poor citizens makes the existence of BUMDes relevant, expected to boost rural economic growth, thereby reducing poverty rates. The above point emerged as one of the conclusions of the FGD. According to FGD participants, BUMDes have the potential or are very likely to increase village economic growth. It is important to note that the management of BUMDes should be based on community needs. This means that BUMDes in each village should be able to accommodate the economic interests of the community so that BUMDes activities can help meet the economic needs of the community. Additionally, BUMDes are expected to be managed based on applicable regulations or rules. The income or profit of BUMDes becomes the original income of the village, which is then reinvested as capital for BUMDes. In this way, the capital of BUMDes will increase over time, so that this village economic institution can develop into an economic institution capable of accommodating and helping to improve the village community’s economy in the future. This view is reinforced by in-depth interviews conducted with village community leaders. The leader believes that economic growth can be enhanced through BUMDes. This means that if BUMDes function well, community income can increase by utilizing the functions of BUMDes, such as accommodating and purchasing community commodities at market prices. Unlike the current situation where prices are determined by moneylenders who have felt they are helping farmers and fishermen by lending money used as initial capital for farming or going to sea (Maulidizen, 2022). Furthermore, according to FGD participants conducted in two villages where this research took place, the presence of BUMDes is expected to stimulate the community to undertake new economic ventures. In addition, the community is also expected to intensify and develop the economic enterprises they have been engaged in. Informant opinions reinforce the views of the FGD participants. According to them, the village community in Parigi Moutong Regency generally works as farmers, plantation workers, and fishermen. Others work as laborers, civil servants, retirees, and others. The presence of BUMDes invigorates rural areas because BUMDes bring new economic messages that open the horizons of rural communities. Furthermore, this opinion is reinforced by the conclusions of the FGD. The conclusion states that the presence of BUMDes brings a breath of fresh air in the field of economics, new knowledge about economic enterprises, dynamization of the economic sector, and various other things. Bringing a breath of fresh air means that the presence of BUMDes is seen by the community as an opportunity to embark on economic ventures, such as rice farming, planting in gardens for farmers will guarantee the supply of seeds, agricultural production facilities (Saprodri), and even business capital. At least that’s what they say for the future. If BUMDes develop well, it is certain that BUMDes activities will greatly assist farmers, fishermen, and other village community businesses. At present, all this may not be too felt, but in the future, if BUMDes develop, it is certain that the benefits will be felt by the community. Therefore, the presence of well-managed Village-Owned Enterprises (BUMDes) is truly anticipated by the community. Furthermore, FGD participants believe that through BUMDes, directly or indirectly, new knowledge and understanding in the field of economic enterprise are obtained. Considering that BUMDes managers are those who are deemed to have economic knowledge in the village, the village community has dialogue partners who can provide insights on how economic enterprises should truly be run. Thus, those engaged in economic activities in the village do
not feel alone, struggling by themselves in their endeavors. BUMDes managers have a vested interest in ensuring that the community’s economic activities go well, as this is one of the purposes for establishing BUMDes.

The presence of BUMDes is also beneficial because village assets in Parigi Moutong Regency have not received much attention from the village government in terms of utilization. Generally, village assets such as agricultural land, plantations, buildings, and others are not well managed. If managed at all, the benefits are usually enjoyed only by certain village government officials, such as the Village Head, village apparatus, or members of the Village Representative Council (BPD). This summary is based on interviews with informants and discussions during the FGDs conducted throughout the research. According to them, the presence of BUMDes is expected to optimize the utilization of village assets so that they are effective and efficient in realizing a prosperous rural community.

Based on interviews with several informants and discussions from FGDs conducted during the research, it can be stated that BUMDes, in accordance with the directions and management guidelines of BUMDes, namely: Law No. 6 of 2014 on Villages; Minister of Villages Regulation No. 4 of 2015 on BUMDes; Government Regulation No. 43 of 2014 on the Implementation of Law No. 6 on Villages; and Government Regulation No. 47 on the Amendment of the Implementation of Law No. 6 on Villages, discuss with the village government about the management of village assets. The Village Government, Village Representative Council (BPD), together with the community represented by community leaders, hold meetings to respond to the regulations regarding BUMDes. At these meetings, the economic utilization of village assets is agreed upon, and their management is entrusted to BUMDes.

At the meeting, an inventory of existing village assets is then taken. This inventory is intended not only to ensure village assets but also to identify which assets can be managed by BUMDes as an economic enterprise. Generally, village assets consist of land (paddy fields, dry land, and gardens) and buildings.

At the village meeting, it was agreed upon who is currently in control of the village assets to immediately surrender them to the village government, which will then, through a village decision, hand them over to BUMDes for management as a business expected to generate profit. The profit is expected to be shared with BUMDes as the manager and given to the village government as original village income. In this way, all village assets are expected to be beneficial to the community, as the results become the original income of the village. Unlike the current situation where village assets are controlled by certain individuals, the results do not enter as original village income. Village assets are also usually left neglected without management. As a result, many buildings in the village are damaged, left abandoned, and not managed properly. Yet, these buildings could be useful. For example, they could be rented out for parties, especially wedding parties conducted by the community, and various other activities.

The presence of Village-Owned Enterprises (BUMDes) in the rural areas of Parigi Moutong Regency has raised high hopes among the community. The villagers have great expectations that BUMDes will work alongside them, guiding economic entrepreneurs in rural areas towards progress. There is a strong hope that BUMDes will be able to end the dominance of informal economic institutions in the villages that have been causing covert suffering to the people. For example, moneylenders and middlemen who appear as saviors but in reality, their presence plunges people into the depths of poverty.

Based on the researcher’s observations, the rural community in Parigi Moutong Regency works diligently, with Spartan effort, and tirelessly. They go to the fields, farms, gardens, ponds, and engage in various maritime activities from dawn until dusk. Fishermen, in particular, often work from evening until the next morning. This view is also shared by participants in the Focus Group Discussions (FGDs) conducted during the research.

The development of BUMDes in Parigi Moutong Regency must be acknowledged as not yet very encouraging, although their benefits are already felt by the community. According to Mr. Basar, one of the informants for this research, the obstacle faced by BUMDes, preventing this village economic institution from fully carrying out its mission, lies in the human resources managing BUMDes. According to this informant, the managers do not know and understand how to manage economic enterprises institutionally and modernly. As a result, BUMDes consistently suffer losses even though the economic activities they undertake appear profitable at a glance. The managers are accustomed to dishonesty, causing BUMDes profits to evaporate easily without anyone willing to take responsibility. BUMDes Ngapa Mandiri in Jononunu Village, Central Parigi District, observed in relation to this research, was penalized by the Parigi Moutong Regency Community and Village Empowerment Office before 2021. According to information from informants, this BUMDes did not receive financial assistance. Its managers also had to face legal action, accounting for the funds or capital they managed but failed to profit from. After a change of management in 2021, this BUMDes was then provided with working capital of IDR 50,000,000, which is managed to this day. According to the informant, the village government has not provided additional capital, waiting for the managers’ accountability for the funds or capital provided. If they are deemed successful, the village government’s capital participation will be increased, thus enlarging the working capital of BUMDes.

The actual hope of the village community, as developed during the FGDs, is that BUMDes will be able to break the chain of villagers’ dependence on moneylenders, a situation that continues to this day. Unfortunately, BUMDes seek or choose activities that are entirely unrelated to the effort to break the bond with the moneylenders that strangle the rural people. For example, in terms of
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preparing production facilities commonly called Saprodi, the people need fertilizers of various types and plant poisons of various kinds.

CONCLUSION

The existence of Village-Owned Enterprises (BUMDes) in Parigi Moutong Regency as a form of strengthening village economies can be said to have not yet fully realized the economic welfare of the village community to the maximum extent, but the tendency towards this goal is already visible. This means that if the existing BUMDes are directed, controlled, and accompanied by the regional government through the managers or administrators along with the village government, it is certain that this village economic institution can realize the prosperity desired by the village community. Thus, it can be stated that, despite all the weaknesses at present, the management of BUMDes should not discourage efforts from all parties, especially the central government, regional governments, and village governments, to realize the economic role of BUMDes, particularly in the effort to create welfare. It is believed that with good management, BUMDes will be able to achieve their maximum role in the field of village economics, uplifting the village economy.

REFERENCES

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