



## **The Role of Enterprises of Village (BUMG) In Improving The Economy of The Community of Keureusek Village**

**Trie Nadilla<sup>1,\*</sup>, Muthmainnah Al Asyariah<sup>2</sup>, Ercan Ozen<sup>3</sup>, Rita Maisarah<sup>1</sup>**

<sup>1</sup>The State Islamic Institute of Lhokseumawe, Aceh, Indonesia

<sup>2</sup>Mandar University, Indonesia

<sup>3</sup>Usak University, Turkey

Emails: [trienadilla@iainlhokseumawe.ac.id](mailto:trienadilla@iainlhokseumawe.ac.id); [mutmainnahunasman@gmail.com](mailto:mutmainnahunasman@gmail.com);  
[ercan.ozen@usak.edu.tr](mailto:ercan.ozen@usak.edu.tr); [ritamaisara258@gmail.com](mailto:ritamaisara258@gmail.com)

### **Abstract**

The village is the smallest area of the State of Indonesia that is closest to the community and has territorial boundaries so that it can be prospered and empowered. Villages have a lot of potential not only in terms of population, but also the availability of abundant natural resources. If these two potentials can be managed optimally, it will provide welfare for the villagers. However, it is realized that so far development at the village level is caused, among others, not only because of the problem of poor-quality human resources but also due to financial problems. One of the efforts that can be done is to encourage the movement of the village economy through village entrepreneurship, where village entrepreneurship is a strategy in developing and empowering villages. This village income source is a source of village income received from efforts carried out by the village government together with the Village Consultative Body (BPD) and the existing village community cannot be maximized to increase village income, especially because the village government controls village assistance from the government.

**Keywords:** Village; Improving Economy; Enterprises;

### **1. Introduction**

The village is the smallest area of the State of Indonesia that is closest to the community and has territorial boundaries so that it can be prospered and empowered. Villages have a lot of potential not only in terms of population, but also the availability of abundant natural resources. If these two potentials can be managed optimally, it will provide welfare for the villagers. However, it is realized that so far development at the village level is caused, among others, not only because of the problem of poor-quality human resources but also due to financial problems.

One way to revive the village economy is to establish an institution that embraces all the potential and local wisdom of the village. An institution which is a forum for every villager to provide hard work, ideas, all their potential and various roles. An appropriate institution for rural communities that eliminates oppression between rural communities is the Gampong-Owned Enterprise (BUMG).

Keureusek Village is one of the villages located beside the evasive road in the Kuta Makmur sub-district, Kab. North Aceh. This village has potential that can be optimized to improve the quality of the community's economy, including the potential for savings and loan management, rice plowing machines, and the sale of organic fertilizers. The potential that exists in the village of Keureusek is accommodated as a Gampong-Owned Enterprise (BUMG).

The success or failure of a village community development agency will be influenced by the attitude of the community towards it. Faced with this kind of situation, village community development agencies shape communities and not build communities, but most of them try to do this by attracting people into groups. Various efforts have been made by the government by releasing various funds for village development programs, one of which is through Gampong-Owned Enterprises (BUMG). Rural growth is often considered

slow compared to urban economic development. To improve this, two approaches are needed, namely: community needs in making changes and preventing unwanted things and political will, the ability of the village government and the community to implement development plans that have been prepared by Gampong-Owned Enterprises (BUMG) through savings and loan activities, rice field plow machines, and sales of organic fertilizers.

One of the efforts that can be done is to encourage the movement of the village economy through village entrepreneurship, where village entrepreneurship is a strategy in developing and empowering villages. This village income source is a source of village income received from efforts carried out by the village government together with the Village Consultative Body (BPD) and the existing village community cannot be maximized to increase village income, especially because the village government controls village assistance from the government.

The main purpose of the establishment of the business entity is to increase the village's original income and to improve the welfare of the village community. This was also done by Keureusek Village to form a BUMG in which there are several business units such as savings and loans, rice plowing machines, and sales of organic fertilizers. In development, not all units went well, namely the savings and loan units did not work as expected, because many customers were not wise enough to borrow so that this unit experienced a financial deficit. Loans issued by this unit experienced a lot of bad credit because they did not pay it. Based on the background of the problem, this research was carried out namely the Role of Gampong-Owned Enterprises (BUMG) in Improving the Economy of the Keureusek Village Community. Based on the background of the problem described above regarding how the Role of Village-Owned Enterprises in Improving the Community Economy

### **Economic Condition**

The majority of the livelihoods of the residents of Keureusek Village, Makmur District, North Aceh Regency are farmers, entrepreneurs, civil servants, etc. Village-Owned Enterprises or often referred to as BUMG. This Village Owned Enterprise or BUMG was established in 2017 equipped with Articles of Association and Bylaws in accordance with Law No. 6 of 2014. Until 2020 BUMG has been running for approximately 3 (three) years. This BUMG was established because the village government wanted to form an institution that manages the potential of Keureusek Village in order to improve the community's economy. The BUMG in Keureusek village was given the name BUMG Bungong Padee, the name was the result of a discussion between the people of Keureusek Village with the village head and also the Chairman of the BUMG.

The purpose of the establishment of BUMG Bungong Padee in Keureusek Village, Kec. Kuta Makmur, North Aceh Regency, namely improving the village economy, village original income, original processing of village potential. The establishment or role of BUMG aims to improve the original village economy, namely by supporting the village government's ability in administering government and development as well as services to the community, developing economic potential in rural areas, namely to encourage the improvement of the economy of the village community as a whole. create jobs by reducing unemployment and poverty through businesses that have been established by BUMG, and increasing the role of rural communities in managing capital assistance from the government or other sources.

### **The Role of BUMG on the Keureusek Village Community**

The existence of BUMG in Keureusek Village can play a role and contribute to the community, although the BUMG of Keureusek Village has only operated for 3 years and only has a few units, but the role of BUMG described by Mr. M. Nur BUMG Bungong Padee Keureusek Village is to have provided an increase in economic income for village communities are given capital in BUMG so they can use this capital to open a business and BUMG also provides jobs for people who are unemployed by employing them as field plow pushers. And, they also employ the community to sell fertilizers in Bungong Padee BUMG. There are two types of business unit classification of BUMG Bungong Padee, Keureusek Village District, Prosperous Kuta, North Aceh.

## **Discussion**

### **a. Banking**

BUMG builds an institution so that it can help residents to get capital assets in an easy way with a low interest rate of 1% but actually it is not interest but 1% is a fee for bookkeepers. In BUMG there is already a financial/banking unit, namely capital for the community to develop their business. As for what must be fulfilled for people who borrow at BUMG Bungong Padee, they must have a business and have collateral such as motorbike certificates, land certificates, etc., which are submitted to BUMG during the loan. The results of the interview with Mrs. Azizah that the savings and loans at BUMG Bungong Padee have been operating for approximately 2 years, but the business unit did not work as expected because customers (the community) assumed that the money belonged to the government which was used for the interests of the community so there is no need to return the money to the Gampong. Even the chairman of the savings and loan every month has been billing the customers but to no avail. Even though the customers are actually able to pay off the installments. Therefore, they are not smooth and have an impact on the installments that have been due for months, because of that the circulation of money in the savings and loan unit is stagnating, and the capital they have is also limited.

### **b. Social Business/ Serving**

Provide services to citizens so that residents get great social benefits. This type of business, such as the organic fertilizer business unit and the rice field plow machine with the availability of fertilizer at BUMG, really helps poor people to buy fertilizer outside, because if they buy fertilizer outside, they must pay cash, but if they buy fertilizer at BUMG they just take it. BUMG fertilizer at the BUMG shop and if the fertilizer provided by BUMG is too much it will be stored in the warehouse, and with the availability of fertilizer at BUMG they can borrow until they have money or until they harvest. And the existence of a rice field plow machine also helps the community so that the process of seeding rice seeds can quickly occur.

## **BUMG Business Unit**

The Keureusek Village Government established BUMG as a forum and driving force for the village economy. BUMG was also formed in order to optimize community empowerment in accordance with the potential of Keureusek Village. BUMG Keureusek has several activity units as follows:

### **1. Savings and Loan Unit**

For Savings and Loans, BUMG provides loans to the public to develop their businesses. The funds lent by BUMG to the community are Village Funds and the proceeds of funds collected from each business unit opened by BUMG. BUMG provides loans to the community according to the form of business owned by the community. Every loan made by the community will be subject to 1% for BUMG with a maximum period of 10 months, this 1% is charged at the time of monthly installment payments.

However, it is a shame that this business unit did not work as expected because in addition to the limited capital owned by BUMG and also had several obstacles, including many people did not pay the money or capital borrowed in the BUMG savings and loan unit, for the reason they did not pay because of that. is village money, therefore savings and loans at BUMG in keureusek village cannot run as expected, and the capital they have is also very limited.

### **2. Organic Fertilizer Business Unit**

This business is engaged in the field of organic fertilizer, this business unit was established due to help people who do not have money to buy fertilizer in cash. Therefore, BUMG makes it easy for the community to buy fertilizer at BUMG in debt with a maturity after they have harvested the rice. The fertilizer is paid, so that people can take as much fertilizer at BUMG as they need. And BUMG also provides various types of fertilizers, including organic, urea, poska, Za, Sp36. This business unit runs as expected because they pay it on time, because if they don't pay at the appointed time, they will not be charged for taking fertilizer in the future.

### 3. Rice Plow Machine Unit

This rice plow machine business already existed in 2017, first BUMG bought a rice field plow machine, then after a year they saw a lot of developments and the results also greatly helped the village economy and finally BUMG also had the capital to add a rice field plow machine in 2018 so that BUMG has 4 plow machines, besides that it is also very helpful for farmers so that their fields are cultivated quickly and they can carry out the planting process faster, they don't have to wait long for their fields to be cultivated because BUMG already has 4 rice plow machines. And the price of the field plow is Rp. 130,000/mah, for the manager Rp.30,000/mah. the payment process at the BUMG for the plowing machine in Keureusek village is done after harvesting when they have harvested then they are required to pay for the plowed fields, if they don't pay it then in the next year their fields are not allowed to be plowed by any plowing machine and when that happens then they cannot do the rice seeding process.

#### **Analysis and Solution**

##### 1. The Strength of BUMG in Improving the Community's Economy

The establishment of BUMG businesses such as savings and loans, the sale of organic fertilizers and also the management of paddy plow machines, has greatly helped the community and also provided insight to the community and encouraged the emergence of the village economy so that it further advances business from capital through BUMG, creating job opportunities for unemployed people. By utilizing BUMG's business, such as in the field plow machine, they justify that those who work on the field plow machine must be the people of Gampong Keureusek, not allowed by people outside the village. This is because, the village wants in addition to increasing village income, it is also hoped that the community in the local village can earn income so that it can reduce the unemployment rate.

##### 2. Weaknesses of BUMG in Improving the Community's Economy

Gampong-Owned Enterprises (BUMG) have not been able to run as according to the intent and purpose of the establishment. This is because there are still many obstacles that the BUMG has

- a. Due to the lack of capital owned by the BUMG.
- b. Due to the lack of skills and human resource skills in the management of BUMG.
- c. Many of the community did not pay the money or capital borrowed in the BUMG savings and loan unit, for the reason they did not pay because it was village money. Therefore, savings and loans at BUMG in the village of keureusek cannot run as expected.
- d. Institutional management that is still not running well, such as planning in running a business to obtain maximum profits and benefits.
- e. They haven't opened a special shop for BUMG but the building is ready but they haven't inaugurated it yet, the plan for the BUMG store will be inaugurated in 2021 and now they store the fertilizer at the Keureusek Village Treasurer shop.
- f. They haven't opened a special shop for BUMG but the building is ready but they haven't inaugurated it yet, the plan for the BUMG shop is to be inaugurated in 2021 and now they store the fertilizer at the Keureusek Village Treasurer shop.

##### 3. BUMG's Opportunities in Improving the Community's Economy

BUMG is the flagship program of the BUMG government that is well managed, able to empower village potential, and make rural communities economically independent.

##### 4. BUMG's challenges in Improving the Community's Economy

- a. In the future, there will be many other businesses in the form of savings and loans, as well as other types of businesses.
- b. Many of the community did not pay the money or capital borrowed in the BUMG savings and loan unit, because the reason they did not pay was because it was village money. Therefore, savings and loans at BUMG in Keureusek Village cannot run as expected.

5. Solutions offered to BUMG to Improve Community's Economy
  - a. Provide an understanding to the community what are the benefits of saving and borrowing at BUMG Bungong Desa so that they know that savings and loans are very beneficial for them and also for others.
  - b. Take a personal approach to people who have not paid off the savings and loans.
  - c. Giving sanctions to people who have not paid off savings and loans, both customary sanctions and criminal witnesses.
  - d. Invite speakers from successful BUMGs to provide training on how to manage an ideal BUMG so that BUMG Bungong Padee Keureusek Village can develop rapidly.

## References

- [1] Alkadafi, M. (2014). Penguatan Ekonomi Masyarakat Melalui Pengelolaan Kelembagaan Badan Usaha Milik Desa Menuju Asean Economic Community 2015. *Jurnal El-Riyasah*, 5(1), 32-40.
- [2] Arindhawati, A. T., & Utami, E. R. (2020). Dampak keberadaan badan usaha milik desa (BUMDes) terhadap peningkatan kesejahteraan masyarakat (studi pada badan usaha milik desa (BUMDes) di desa ponggok, tlogo, ceper dan manjungan kabupaten klaten). *Reviu Akuntansi Dan Bisnis Indonesia*, 4(1), 43-55.
- [3] Budiono, P. (2015). Implementasi Kebijakan Badan Usaha Milik Desa (Bumdes) Di Bojonegoro (Studi di Desa Ngringinrejo Kecamatan Kalitidu Dan Desa Kedungprimpem Kecamatan Kanor). *Jurnal politik muda*, 4(1), 116-125.
- [4] Gayo, S. B., Erlina, E., & Rujiman, R. (2020). Peranan Badan Usaha Milik Desa Dalam Meningkatkan Perekonomian Masyarakat Perdesaan. *Media Komunikasi Geografi*, 21(2), 202-209.
- [5] Hasanah, N. (2019). Upaya Peningkatan Kesejahteraan Ekonomi Masyarakat Desa Melalui Strategi Pengembangan Badan Usaha Milik Desa (BUMDES) Desa Melirang Kecamatan Bungah Kabupaten Gresik. *QIEMA (Qomaruddin Islam., vol. Vol. 5 No. 1, pp. 14-45.*
- [6] Hayati, K., & Aji, J. S. (2022). Dynamics of Social Capital In Management Of "Amarta" Village Business Entities Post-Covid-19 Pandemic. *PERSPEKTIF*, 11(3), 956-962.
- [7] Junita, A., Andiny, P., Meutia, T., & Ellidar, E. (2022). INCREASING THE CAPACITY OF GAMPONG'S BUSINESS ENTITY (BUMG) IN AN EFFORT TO IMPROVE COMMUNITY WELFARE IN LANGSA CITY. *International Journal of Economic, Business, Accounting, Agriculture Management and Sharia Administration (IJEBA)*, 2(4), 569-578.
- [8] Kamarosied, Herry. *Tata Cara Pendirian dan Pengelolaan BUMG*, Jakarta: Mitra Wacana Media, 2016
- [9] Kurniasih, D., Setyoko, P. I., & Imron, M. (2017). Problems of public accountability in village government business management (Study on village business enterprises in Banyumas, Indonesia). *Journal of Public Administration and Governance*, 7(4), 147.
- [10] Moleong, L.J. (2006). *Metode Penelitian Kualitatif*. Bandung: Remaja Rosdakarya
- [11] Purnamasari, H., Yulyana, E., & Ramdani, R. (2016). Efektivitas pengelolaan badan usaha milik desa (bum desa) berbasis ekonomi kerakyatan di desa warungbambu kecamatan karawang timur kabupaten karawang. *Jurnal Politikom Indonesiana*, 1(2), 31-31.
- [12] Ridzal, N. A., & Hasan, W. A. (2020). Eksistensi Badan Usaha Milik Desa (BUMDes) Sebagai Penggerak Ekonomi Desa. *Jurnal Pengabdian Pada Masyarakat MEMBANGUN NEGERI*, 4(1), 98-106.
- [13] Surjadi, *Pembangunan Masyarakat Desa*, (Bandung : Mandar Maju, 1989)
- [14] Surya Putra, Anom. *Badan Usaha Milik Desa : Spirit Usaha Kolektif Desa*, Jakarta :KEMENDES, 2015
- [15] Syardiansah, S., Martahadi, M., & Amilia, S. (2020). The Strategy Model of Small Industry Development on Woven Business of Pandanus Mat. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*, 3(4), 2677-2685.