

The Role of Village-Owned Enterprises between Entrepreneurs 'Growth

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Abstract: Economic development of a village will be successful if there is participation from entrepreneurs who are expected to create jobs. Entrepreneurship is a development potential that can drive the economy of a village, therefore, it is very necessary to empower the businesses that are expected to be able to develop the potential of the village through innovation and creativity. So that this can be achieved, it needs support from various parties and one of them is a Village-Owned Enterprise (BUMDesa). BUMDesa is intended to strengthen village income, increase business opportunities, reduce unemployment and at the same time become the motor of the village economy. The existence of MSMEs with BUMDesa is supposed to go together, this is because if the economy wants to advance then the small businesses owned by the community must be supported by advanced and organized management. In addition there are other factors that can support the success and sustainability of a business, namely human resources. As a business manager, it is required to have an entrepreneurial spirit, where the spirit of entrepreneurship can be formed through the world of education and non-education and this is the duty of universities to provide supplies and motivate graduates to become entrepreneurs.

Keywords: Village Owned Enterprises (BUMDesa), Entrepreneurship.

INTRODUCTION

Sustainable competitive advantage is the effort of all SMEs in the face of intense competition [1]. The existence of a village should receive serious attention from the central government, in terms of policies related to economic empowerment which can be done through gathering and institutionalizing the economic activities of the community. Therefore, the Indonesian government applies a new approach that will be able to stimulate and move the wheels of the economy in rural areas through the establishment of economic institutions that are fully managed by rural communities, which is what drives the establishment of Village-Owned Enterprises (BUM Desa), which is one of the mainstay program in increasing the economic independence of a village.

The Indonesian government has several programs related to the development of a village that is related to the implementation of the Village Law. For this reason, knowledge about entrepreneurship is needed to support government programs. The development of a village will be more successful if there is participation from entrepreneurs who are expected to create jobs. Therefore entrepreneurship is a development potential that will be able to drive economic activities in a village.

The more advanced a country is, then there are educated human resources and many are unemployed, therefore the existence of the world of entrepreneurship is needed. Knowledge about entrepreneurship can be obtained from the entrepreneurial learning process at universities and other educational institutions. Entrepreneurship learning is very important in fostering interest in entrepreneurship and as a provision after graduation to become an entrepreneur and can be used when returning to the village where they live to build the potential that exists in his village. As is known the function and role of entrepreneurship in determining the development and progress of a nation has been proven by several developed countries such as America, Japan, Malaysia and Singapore.

To achieve economic growth in a village, it is necessary to empower small businesses that are able to develop the potential of the village through innovation and creativity. The Indonesian government targets 5 million new entrepreneurs by 2025 through the development of human resources for the advancement of national entrepreneurship. National entrepreneurship will be achieved if entrepreneurship in all villages is realized. There are four main problems in the development of national entrepreneurship, especially the small, and medium sectors, including those related

to financing access, marketing access, bureaucratic regulation, and the capacity of small and medium enterprises (SMEs). Efforts to increase entrepreneurial capacity, the government seeks to improve the quality of human resources in entrepreneurship.

Entrepreneurship is contained in the Regulation of the Minister of State for Cooperatives and Small and Medium Enterprises (SMEs), Number: 06/Per/M.KUKM/VIII /2012 which is expected to encourage and accelerate the empowerment of Small and Medium Enterprises (MSMEs) Cooperatives and Business in increasing competitiveness. Small businesses are an entity that is expected to be able to take a strategy to become an independent, strong, healthy, competitive business and develop its own developers in an effort to improve economic growth, which is expected to be able to support the expansion of employment opportunities in an effort to realize economic democracy. In an effort to improve institutional quality, it must be done gradually through an effort in the form of awakening, empowerment, development, and strengthening.

The Gresik Regency Government seeks to increase the village economy in the region through a policy for villages to establish Village Owned Enterprises (BUMDesa). One of the villages in Gresik Regency that has a Village Owned Enterprise (BUMDesa) is Sukorejo Village, Sidayu District, Gresik Regency. Where the majority of the population is engaged in agricultural and plantation activities. Sukorejo village received the first prize at the provincial level in 2016 as a success in BUM Village implementation. In addition, Sukorejo Village also has a variety of superior products, namely: banana / tribal chips, mandala crackers, tempe and dele juice production, where the management is mostly from the older generation so that it is expected that young people will be interested in becoming young entrepreneurs in village to develop the potential in the village.

The issue of the low interest and motivation of students for entrepreneurship is now a serious thought by many parties, both the government, education, industry, and society. Various efforts must be made to foster an entrepreneurial spirit, in which Zimmerer [2] states that one of the factors driving entrepreneurial growth in a country lies in the role of universities through the implementation of entrepreneurial education. The university is responsible for educating and providing entrepreneurial skills to its graduates and provides motivation to dare to choose entrepreneurship as their career. This is a challenge for universities as a graduate-producing institution. Students are expected to have the ability to think to become entrepreneurs so they can create their own jobs. In addition, universities must motivate their graduates to return to their home villages as an entrepreneur in developing the potential of their village. Village potential is a natural condition

of the community or any produce or resources from the village that can be used as a village industry. For this reason, it is necessary to identify the potential of villages that can be developed as village industries.

Based on the results of research conducted by previous researchers there are differences in the results of research between one researcher with another researcher, based on the results of research by Ramadana *et al.*, [3], stated that the existence of BUMDes in Lindungsari could not meet the increase in village income. So that it can be said that the Village-Owned Enterprise in an effort to fulfill the needs of the community is still not successful. Where the benefits of the role of BUMDes as a strengthening of the economy of the village can be felt by some people only.

While the research conducted by Dewi and Meirinawati [4], states that the strategy implemented by the village government in an effort to alleviate poverty through BUMDes can be said to be quite successful. This can be seen at the time of the transfer of the PUAP shade from GAPOKTAN to BUMDes experiencing development. Communication has been done well which is proven by the number of members as many as 210 people. Based on the results of the study it can be said that BUMDes plays a role in (a) increasing the village's original income as evidenced by the development of the capital produced by PUAP. (b) Develop economic potential, where the determination of PUAP targets is based on monograph data from Sareng Village which shows poor households with livelihoods in the agricultural sector. (c) Creating employment. The results of this study are supported by research conducted by Tama *et al.*, [5], which states that BUMDes in Karangrejek Village, Wonosari Subdistrict, Gunung Kidul District, have a positive impact on improving the economy and welfare of local rural communities, even though BUM units Des hasn't been running as a whole. In addition, the existence of BUMDes has an impact on the health of rural communities that is more secure, and the activities of BUMDes provide a multiplier effect, one of which is the creation of employment and business opportunities, where the business opportunity becomes a source of income for the increase in community income.

Based on the explanation given above, then in this study the researcher discusses how the role of the Private Enterprise is towards entrepreneurial growth.

LITERATUREREVIEW

Village Owned Enterprises (BUMDesa)

According to Article 1 of Law No.6 of 2014 concerning villages, it is explained that a Village-Owned Enterprise (BUMDes) is a business entity whereby all or most of its capital is owned by the Village which through direct participation and derived from the Village's wealth will be disbursed for asset management, service services, and other businesses that

will be used as much as possible for the welfare of the village community. As for the implementation of the Law No. 6 of 2014 concerning Villages was strengthened by the existence of the Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia Number 4 of 2015, concerning the establishment, management and management, and the dissolution of BUMDesa.

The purpose of establishing a BUMDesa according to the Village Minister's Regulation, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia Number 4 of 2015 are: 1). Improve the economy of a village; 2). Optimizing village assets so that they are beneficial for village welfare; 3). Improving community efforts in efforts to manage economic potential in the village; 4). Develop a business cooperation plan between one village and another and / or with a third party; 5). Creating a market opportunity and network that will be able to support the public service needs of citizens; 6). Creating new jobs; 7). Improving the welfare of rural communities by improving public services, as well as village economic growth and equity; 8). An increase in the income of the village community and local revenue.

Entrepreneurship

Definition of Entrepreneurship

Entrepreneurship is a dynamic process in an effort to create added value for goods and services that will later increase prosperity [6]. Whereas according to Thomas W. Zimmerer [6], entrepreneurship is a process in which creativity and innovation are applied to solve a problem by carefully looking at an opportunity that will be faced by each person in terms of daily life. According to Hisrich *et al.*, [7] Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risks in terms of equity, time, and / or carrier commitment or provide value for some product or service. The product or service may or may not be new or unique, but the value must somehow be infused by the entrepreneur by receiving and locating the necessary skills and resources."

Benefits of Entrepreneurship

Zimmerer *et al.*, [8] states that the benefits of entrepreneurship are: 1) providing an opportunity and freedom in an effort to control one's own destiny; 2) provide opportunities for making changes; 3) provide opportunities in achieving the potential that is fully owned by themselves; 4) have an opportunity to achieve the maximum benefits possible; 5) have an opportunity to play an active role in the community and get recognition for their business; 6) have the opportunity to do something that is liked that will cause pleasure when working on it.

The Traits that Entrepreneurs Have

Entrepreneurship is a person who can see the needs of consumers in the future, where in thinking based on calculations and finding solutions to various alternative problems and solutions. Here are the characteristics that need to be possessed by an entrepreneur [9], are: 1) having confidence; it means having confidence in yourself and not being dependent on others and having an optimistic attitude; 2) in acting is always task oriented and results; meaning in working always results-oriented and likes to work hard and full of initiative; 3) attitude towards risk taking; meaning that an entrepreneur is brave to take risks but with full calculation and likes every challenge faced; 4) have a leadership spirit; an entrepreneur must have a leading spirit and can socialize with all people; 5) likes originality; 6) always oriented towards the future; 7) have creativity.

Based on the results of the survey, there are several characteristics that an entrepreneur must possess [10], namely:

- Having a desire to take on a responsibility, and not assuming responsibility is a burden.
- Match medium risk taking, where in taking risks based on calculations and planned.
- The attitude of confidence, an entrepreneur must have a sense of optimism in achieving success.
- Having the desire to get feedback quickly, the feedback will be used when making decisions.
- Energetic
- Oriented to the future, where an entrepreneur has the ability to know every opportunity that exists in the future.
- Skills in organization, is the ability of an entrepreneur in the activities of managing an organization.
- Assessing achievement higher than money.

RESEARCH METHODOLOGY

Research paradigm

This study uses qualitative research methods with an analytic descriptive approach. Creswell [11], said "Qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyzes words, report detailed views of information, and conduct the study in a natural setting. While Meleong [11] states that qualitative research is a scientific research with the aim of understanding phenomena that exist in a social context naturally that prioritizes the process of deep interaction of communication between researchers and the phenomenon to be studied.

The objectives of the chosen method are to demonstrate the importance of the existence of an entrepreneur in the development of a rural economy, in

the hope that it will develop and increase the potential risks that will ultimately improve the economic environment.

Data Collection Procedure

In collecting data in this study using data collection procedures, here are some data collection methods conducted by researchers, namely:

- Observations, researchers conduct direct observations in Sukorejo Village
- Interviews, researchers conduct in-depth interviews with village officials, BUMDesa management, and UMKM
- The document, the documents collected is public documents.
- Audiodan and visual material, data collected in the form of photos and videos.

Information

To obtain accurate information in this study, it is necessary for the informant who really knows about the data obtained from the research location, while the informants who are the source of information in this study are: 1). Village Government, 2). BUMDesa management, 3). MSMEs Manager, 4). College student.

Data Analysis Techniques

This study refers to an interactive analysis model developed by Matthew B. Miles and A. Michael Huberman. The chart and explanation of the analysis model are as follows:

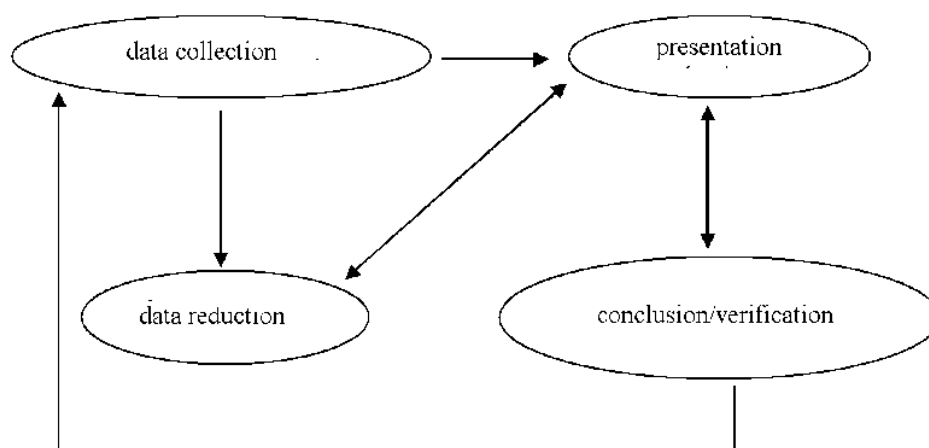


Fig-3.1: Qualitative Data Analysis Interactive Model (Miles and Huberman)

Source: Soegiyono; Quantitative, Qualitative and R & D Research Methods, 2007

Detailed research data analysis techniques are as follows:

- a. Data collection techniques
Through interviews with village officials, administrators of BUMDesa, MSME players, and students who were successfully met, observed, as well as other supporting literature and

Data Collection

Stage collects every data obtained by researchers based on the results of interviews, observations, library research and documentation as well as other secondary data obtained from the research location.

Data reduction

The reduction process is an electoral process, where concentration is focused on simplifying, abstracting and transforming "rough" data obtained from the results of the notes in the field.

Presentation of Data

The next step is the presentation of data that is interpreted as a set of information that is arranged which is likely to be drawn up in a conclusion and action taking. Based on the observation of the results of the presentation of the data, it will be known what is happening and what actions should be taken.

Withdrawal of Conclusions

The next analysis activity is making conclusions and verification. Based on the data collection stage, researchers began to search for meaning, record regularities, explanatory patterns, possible configurations. Verification is an activity of reviewing the results of the field record, where the meaning obtained from the data must be tested for validity, while research verification is carried out continuously throughout the verification research by the researcher which will later form a specific method that will support the theory or refinement of a theory.

- b. Data reduction
Data reduction is done through sorting and simplifying data obtained based on interviews, documentation. In this study the interview technique used was in-depth interviews by asking several in-depth questions related to the focus of the problem.

- b. Data reduction
Data reduction is done through sorting and simplifying data obtained based on interviews,

observations, and documentation as well as records obtained during data collection activities carried out.

c. Presentation of data

At this stage the researcher starts presenting the data and keeps observing the policies that are adjusted to the conditions in the field.

d. Draw conclusions

Conclusions are drawn from the final stage of the research process. Where researchers conduct a review of the results of interviews, observations, and look back at the results of the record.

DISCUSSION

Sukorejo Village is one of the villages in Sidayu sub-district, Gresik Regency, with a population of 2,332 people with a total family card of 670 families. The majority of the local community's livelihoods are agriculture and working in the home industry, such as the banana / breadfruit chips industry, tempe chips, mandala crackers, tempeh, soy juice, and culinary tours that serve traditional snacks and food.

In supporting the economic activities in the village, a Village-Owned Enterprise (BUMDesa) was established, where the establishment of BUMDesa was regulated by the Regulation of the Minister of Villages, Development of Underdeveloped Regions, and Transmigration of the Republic of Indonesia Number 4 of 2015. The existence of Village-Owned Enterprises (BUMDesa) is highly expected by the village community. Village-Owned Enterprise (BUMDesa) Sukorejo Village, named "Podho Joyo" was established on April 5, 2008.

Village-Owned Enterprises (BUMDesa) is one of the village economic strengthening institutions formed and owned by the village government, managed economically, independently, and professionally with total capital or a large part of the village assets which are separated and stipulated in village regulations. In principle, BUMDesa is intended to strengthen village income, increase business opportunities, reduce unemployment as well as become the driving force of the village economy. The formation of BUMDesa is also aimed at encouraging, facilitating, protecting, and empowering economic activities in the countryside based on the potential of the village or activities that develop according to customs, and the culture of the local community. Strengthening village economic institutions is intended to improve the social and economic welfare of local communities and support the optimization of poverty reduction programs.

In addition, BUMDes is also a form of strengthening the village economic institutions and is a means of utilizing the local economy with various types of potential in the village. It can be interpreted that the body is the backbone of the village government economy. BUMDesah management must have an

entrepreneurial spirit, so it is expected to develop and see the potential in the village to be explored for the survival of BUMDesa. Conversely, if the board of BUMDesa is passive, it is difficult to develop which affects the welfare of the community. "The purpose of BUMDesa is to create prosperity for the village community,"

To support the sustainability of BUMDesa, the BUMDesa managers must have knowledge of microeconomics, marketing strategies, management, business administration and the development of MSMEs and international relations. So that it will be a challenge for the managers of BUMDesa to improve the village business which will have an impact on people's welfare. At present the challenge for Indonesia is the development of MSMEs which will become a force for Indonesia's macro economy. where if there is a development of MSMEs in the village, it will have an impact on the national economic conditions, where the economy tackles the creativity, innovation and enthusiasm to continue to increase productivity in the face of competition.

Today, the world cannot be separated from existing competition, where competition can be started from Small and Medium Enterprises (MSMEs), where the existence of MSMEs can be the strength of a country to compete at the global level. Villages have great potential apart from beautiful nature that is, there are several businesses in the village, such as home industry (UMKM). The existence of MSMEs with BUMDes should have gone together, this is because if the economy wants to move forward, small businesses owned by the community must be supported by advanced and organized management.

Based on the results of interviews with the Village Head, it can be said the role of the Village Chief in supporting the BUMDesa program, namely: 1). Participate in business activity program planning, both analysis of business types and prospects, 2). Prepare facilities and facilities, 3). Providing additional or strengthening BUMDesa capital. 4) receiving and evaluating the results of BUMDesa's program activities. The efforts made by the Village Head in increasing entrepreneurial growth, by optimizing the role of BUMDesa. towards providing capital.

Funding (capital) from BUMDesa is expected to be able to help entrepreneurs to increase their business through the procurement of production equipment that can increase the amount of production. BUMDesa's tasks are not only as big as providing capital, but participating in marketing the business results generated by local entrepreneurs, so that the survival of entrepreneurs can survive, this is because BUMDesa is a form of strengthening the village economic institutions and is a tool of local economic empowerment with various various types of potential

that exist in the village, so it is said that BUMDesa can be the backbone of the village government economy.

Based on interviews with BUMDesa managers and field observations, it can be said that the existence of BUMDesa contributed greatly to the survival of small and medium enterprises in Sukorejo Village, Sidayu Subdistrict, Gresik Regency. Where the existence of BUMDes is as a local entrepreneurial work partner, where the majority of existing entrepreneurs get capital loans from BUMDesa with an interest rate of 0.4% - 0.9% which is lower than other financial institution loans. Aside from being a capital lender, BUMDesa also assists in marketing products produced by local entrepreneurs through the village market and marketing through the BUMDesa trading unit.

The results of this study were supported by research conducted by Ibrahim [12], where the existence of Village-Owned Enterprises in East Lombok District had a positive impact on the economic growth of the village. In addition BUMDes contributes to the village so that it can increase the Village Original Revenue. This success also cannot be separated from the support of a number of resources to accommodate the needs of BUMDes. The community should be given knowledge about BUMDes so that the community is expected to be able to understand the benefits of the existence of BUMDes. In addition, good communication must be established between the managers of BUMDes and the village government to contribute to the village government, by placing the village government as the owner, so that the existence of the village government is only limited to the function of supervision and coordination, and does not have broader authority over the management of BUMDes.

BUMDesa is one of the factors that can support the survival of an entrepreneur. In addition there are other factors that can support the success and sustainability of a business, namely human resources. As a business manager, it is required to have an entrepreneurial spirit, where the spirit of entrepreneurship can be formed through the world of education and non-education.

Based on the results of observations and interviews in the field, information was obtained that the majority of existing business managers were on average 40 years and older. Where there is still a lack of young people who are involved in entrepreneurship, so it is of particular concern for universities from various sciences to provide entrepreneurship provision for their students so that when they graduate, they will be motivated to return to the village to manage the potential in their village through entrepreneurship, with Thus it is expected that many young entrepreneurs will emerge in the village which will have an impact on improving the village economy which will ultimately improve the national economy so that government

programs to increase the growth of the number of national entrepreneurs will be achieved.

CONCLUSION

The existence of BUMDesa contributed greatly to the survival of small and medium enterprises in Sukorejo Village, Sidayu Subdistrict, Gresik Regency. Where BUMDesa provides business capital loans from these businesses stands up to business continuity activities. In addition, BUMDesa also provides a place in the form of village markets in marketing business results and helping in marketing the business out through trade in BUMDesa.

To support the sustainability of BUMDesa, BUMDesa managers must have an entrepreneurial spirit as well as knowledge about microeconomics, marketing strategies, management, business administration and business development. In addition there are other factors that can support the success and sustainability of a business, namely human resources. As a business manager, it is required to have an entrepreneurial spirit, where the spirit of entrepreneurship can be formed through the world of education and non-education and this is the duty of universities to provide supplies and motivate graduates to become entrepreneurs.

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