

Strengthening BUMDES Management Through MSMEs in Increasing Village Income

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Abstract

The establishment of the BUMDes Bangun Mandiri Desa Bekiung aims to provide benefits to the village community and also to increase village income through the development of village potential carried out by BUMDes. There are several excellent programs that have been implemented well through BUMDes management, including Savings and Loans Unit Cooperatives, agriculture and animal husbandry. These programs aim to provide MSMEs with benefits to rural communities in improving their welfare. The development of the economic and trade sectors has also been carried out through the provision of rice and basic needs for rural communities. So, to support this program, a Village Micro, Small and Medium Unit is needed that can distribute village results obtained from the community so that it can increase village income. This activity is carried out in several stages, as follows: 1) The socialization stage which aims to provide information about MSMEs to the public through BUMDES; 2) Stages of mentoring and training related to marketing and promotion management, development of product processing and packaging. The results obtained in this PKM activity are increasing public understanding of the importance of MSMEs in developing village potential under the supervision of BUMDes so that village potential results can be promoted and creating separate business innovations such as processing animal feed through the cultivation of caterpillars and worms

Key words: BUMDES management, village potential, independebt village

INTRODUCTION

Based on Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises in article 1 points 1, 2 and 3 as well as article 6 paragraphs (1), (2) and (3) explains that micro, small and medium enterprises (MSMEs) plays an important role in the national economy. If it is connected between the implementation of the Village Law and the MSME Law, it can be done through strengthening BUMDes management as an effort to increase village income. The implementation of the law in Bekiung Village carried out activities that were more directed to the development of village potential outcomes through BUMDes.

One of the mandates that must be followed up immediately from the implementation of the village fund policy is the formation of BUMDes, because it is hoped that it can provide an independent increase in the economy and village income.(Saayman & Giampiccoli, 2016) (Siregar & Jatmiko, 2020); explained that BUMDes is a business entity whose entire or most of the capital is owned by the village through direct capital participation originating from village wealth. Then, (Hajar et al., 2018); (Syarifudin & Astuti, 2020) also explained that BUMDes is a business entity established by the village government, which is managed by the community, where its formation is carried out based on the agreement of the community and the village government through deliberation with the aim of driving the economy in the village and increasing the village's original income (PADes). So, in accordance with the second statement, Bekiung Village formed a village business entity named BUMDes Bangun Mandiri, formed on 23 December 2015, based on Village Regulation Number: 05 of 2015. Currently, BUMDes Bangun Mandiri Desa Bekiung has received several achievements that support its development, including 1) As the best BUMDes in Langkat Regency in 2018 (BUMDes management category); 2) As the 1st place winner in the BUMDes administrative management competition at the Langkat Regency level in 2020. One of the

flagships that has developed in Bekiung Village and around Kuala Subdistrict which is managed by BUMDes Bangun Mandiri is the Savings and Loan Unit Cooperative which has provided benefits to village communities in capital and investment. Then, BUMDes Bangun Mandiri has also developed the economic and trade sectors through the provision of rice and basic needs for rural communities, where the ingredients also come from farmers in Bekiung Village. Furthermore, BUMDes Bangun Mandiri also hopes to develop in the agricultural and livestock sectors by utilizing organic waste from agricultural products, vegetables, and fruits.

The community as business actors also do not understand correctly about the benefits of MSMEs for the development of the products they have, so that existing products cannot be marketed at national and international levels. Strengthening the management of BUMDES Bangun Mandiri through MSMEs is one of the efforts that must be made by the village government in achieving the goals specified in the village law namely, to make the community independent and prosper the community. Strengthening the management of BUMDES Bangun Mandiri is also an action that can be taken by the village government in managing village funds so that they can be distributed properly. The biggest obstacle in developing MSMEs is the issue of resources, as described by (Ridha, 2019); (Lubis, 2020); (Pasanchay & Schott, 2021); stated that regarding the obstacles faced by MSMEs, the government has tried to protect and develop MSMEs from various sectors including regulations, especially MSMEs as one of the units that are expected to support the development of BUMDes using village funds. Then (Ananda & Susilowati, 2019); (Wahyudi & Wicaksono, 2020); also explained that the importance of institutional factors in the development of MSMEs so that all potentials can be developed and there needs to be a synergy to cooperate between all creative industry sectors both with the government and with the private sector.

Thus, the problems in strengthening the management of BUMDES Bangun Mandiri through MSMEs in Bekiung Village are related:

- Lack of community skills and knowledge about the benefits of MSMEs
- Lack of public understanding in designing quality products
- BUMDES has not been able to accommodate the potential results of villages to compete in the regions
- The development of product quality from village potential has not been maximized so that marketing production cannot develop as it should.
- The MSME unit in the BUMDES Bangun Mandiri has not been realized due to limited resources owned by the village.

Based on the above problems, it is necessary to formulate regulations at the village level to support strengthening management through MSMEs in increasing village income. MSMEs have a very important potential and role in increasing economic growth, welfare, harmony, and balance, so with proper regulations and effective implementation from the village government, strengthening the village economy can be carried out properly and local wisdom owned by the village can be developed in accordance with which is expected.

(Edy Yusuf Agunggunanto, Fitri Arianti, Edi Wibowo Kushartono, 2016); (Yılmaz Bakır et al., 2018); that the formation of BUMDes is a way to take advantage of the law that gives village governments the authority to innovate in village development, but many BUMDes fail to implement BUMDes due to the lack of village readiness and lack of resources. village potential. Then (Febryani et al., 2019); (Khairani et al., 2021); stated the importance of mentoring or training provided to BUMDES managers as an effort to develop and build villages with various activities that support increasing village income and economy. It is also hoped that the strengthening of the management of BUMDES Bangun Mandiri through MSMEs can create jobs and equal distribution of business opportunities to alleviate poverty at the village level and contribute to the program to strengthen the village economy in order to increase village income. In terms of production, the development of business types from village potential results can lead to skills and knowledge to produce quality and competitive products, because this is supported by the inclusion of funds managed by the village.

Thus, the community can also be involved in managing village funds through a program to strengthen BUMDES management through MSMEs. From some of the partner problems described above, universities must contribute in providing assistance as an effort to strengthen BUMDES management through MSMEs. The assistance provided by universities must be able to provide steps and strategies in developing BUMDES through MSMEs so that they can increase village income and establish cooperation with various industrial sectors both from the government and the private sector.

METHOD

This PKM activity is carried out using the Participatory Rural Appraisal (PRA) method. (Hajar, Siti; Faustyna; Santoso, 2022); revealed that this method aims to accommodate the community to be directly involved in every PKM activity which includes preparation, planning, monitoring, evaluation of the implemented programs. This PKM is carried out in stages of activities carried out in 2 (three) stages, namely socialization and counseling, training/assistance provided to activity participants. The result of this PKM activity related to strengthening the management of BUMDES Bangun Mandiri through MSMEs in increasing village income is the MSME program framework and MSME regulation drafts and the preparation of the final report on PKM activities.

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The method of implementing this PKM activity is carried out in various ways which include:

- Strengthening the understanding and capacity of the community about MSMEs. This effort is carried out to increase the knowledge and skills of the community in producing quality products, while the actions taken are: Providing socialization and counselling as an effort to increase understanding about MSMEs
- Strengthening BUMDES management, while the actions taken are providing an understanding of product design and design that can be used as village advantages.

RESULTS AND DISCUSSION

The implementation of the village law in Bekiung Village carried out activities that were more directed to the development of village potential results. Bekiung Village is one of the villages located in Kuala Subdistrict, Langkat Regency with an area of 900 Ha, with a population of ± 1,562 people, including 759 men and 803 women and the number of Heads of Family ± 525 families. Bekiung Village, bordered by:

- To the north, it is bordered by Kuta Parit Village/People's Defense
- To the south, it is bordered by Pekan Kuala Village/Namo Mbelin Village
- In the west, it is bordered by Namo Mbelin Village/Bekiung Plantation Village
- In the east, it is bordered by Pekan Kuala/Bela Rakyat Village.

(Profile of Bekiung Village, 2020)

The professions or livelihoods of the people in Bekiung Village include breeders, farmers and plantations, farm laborers, small traders, and employees. Bekiung Village has potential in the agricultural, plantation, and livestock sectors. The agricultural and plantation sectors are the biggest potential of Bekiung Village, so this village produces agricultural waste that has not been properly excavated such as palm fronds, rice straw, corn cobs and others. In addition to agricultural waste, Bekiung Village also produces vegetable and fruit waste every day as organic waste, which is obtained from the Kuala Week tax which is as much as 2 tons/day. Organic waste originating from agricultural products, vegetables and fruits is one of the opportunities that can be utilized by BUMDes Bangun Mandiri, Bekiung Village.

BUMDes Bangun Mandiri is managed by the community and village government to encourage the acceleration of rural development which aims to improve the welfare of rural

communities. The development of BUMDes needs to be done by maximizing its functions and roles, so that its goals and objectives can be achieved, but this management must be managed in a directed and professional manner. BUMDes Bangun Mandiri Bekiung Village has several business units that have been managed professionally, including:

- Savings and Loans in collaboration with BRI through BRI Link (Voluntary Savings and Mandatory Savings) and Payment Point Online Bank (PPOB)
- Agriculture and Livestock, this unit already has 8 cows that are raised traditionally, and this has become the flagship business of BUMDes Bangun Mandiri. Animal feed which is managed by processing agricultural waste such as corn cobs, rice straw and palm fronds as well as vegetable waste from the market. The results of this agricultural waste processing are planned to become animal feed products that can be marketed both in Bekiung Village and outside the village. However, in packaging and producing animal feed in accordance with standardization, assistance is still needed such as the MSME unit.
- Economy and Trade, providing rice obtained from agricultural products for rural communities

Thus, in accordance with the potential that is already owned by BUMDes Bangun Mandiri, it has shown professional BUMDes management but still needs assistance to develop BUMDes Institutions through MSMEs which aim to distribute superior products from BUMDes Bangun Mandiri which are sourced from the potential results of the village. This assistance is carried out in collaboration with the Muhammadiyah University of North Sumatra to strengthen the management of BUMDes Bangun Mandiri through MSMEs as an effort to increase village income. This activity is carried out in 2 stages, namely:

- Socialization and counselling about MSMEs that aim to provide an understanding to the community/community groups, that MSMEs are very important to market harvested products or other products that can be used as superior products from Bekiung Village.
- Assistance in making superior animal feed products sourced from agricultural waste and worms as well as methods of product packaging that can be promoted and marketed through MSMEs.

The implementation of PKM organized by the Muhammadiyah University of North Sumatra in collaboration with BUMDes Bangun Mandiri and the Village Government, is expected to provide benefits to the village community. The creation of MSMEs at the village level which is a unit of BUMDes Bangun Mandiri is expected to create jobs in Bekiung Village so that BUMDes Bangun Mandiri can improve the welfare of village residents. In addition, the increase in Village Original Income (PAD) will increase and development in the Village independently will be realized. This MSME is not only devoted to marketing animal feed but also other products from Bekiung Village. However, the creation of MSMEs in Bekiung Village can be a good business for BUMDes Bangun Mandiri, which is sourced from processing agricultural waste and worms which produces superior animal feed output and can also strengthen the management of BUMDes Bangun Mandiri.

Table 1. Stages of PKM activities

Name of Activity/Time	Person responsible	Participant
Socialization and Counseling		
1. BUMDes Management / 02 July 2022	Dr. Siti Hajar, S.Sos., MSP	BUMDes Management and Community Groups
2. 2. Community Empowerment /02 July 2022	Drs. Syafrizal, M.Si., PhD	BUMDes Management and Community Groups
Leading Product Marketing Assistance		
1. UMKM Product	Kholilul Kholik, SE., MH., CIMBA	BUMDes Management and Community Groups
2. Superior Product Processing (Animal Feed)	Supriana/Supomo, ST	BUMDes Management and Community Groups

Description: Results of Team Coordination and BUMDes Management, 2022

The first activity carried out by the team and partners is to provide an understanding of good and correct BUMDes management and regulations that can support the development of BUMDes Bangun Mandiri in the future. Socialization and counselling carried out to obtain information related to the management of BUMDes Bangun Mandiri as well as work programs that have been realized or are still in planning. The second activity, the team provides assistance in producing products that can be superior and then made into MSME products with national standards. This activity is carried out by providing understanding related to MSMEs, product designs that can attract the attention of consumers or the public which have been legalized first by the relevant agencies, so that they can become superior business opportunities in the future.

BUMDes management which is strengthened by business opportunities created through MSMEs can increase the capability of the community as well as develop businesses that contribute to village original income (PADes). As explained by (Siti Hajar, Irwan Syari Tanjung, Yurisna Tanjung, 2018); (Tanjung, 2021) that the presence of BUMDes is expected to increase community capabilities, eradicate poverty and unemployment by opening new job opportunities through the efforts built by BUMDes. Then, (Parga Dans & Alonso González, 2018); (Azizul Kholis, Ida Martinelli, Jehan Ridho Izharsyah, Josua Ebenezer, Kariaman Sinaga, Kholilul Kholik, Siti Hajar dan Fatimah Syahra Lubis, Tenerman, 2021); (Izharsyah et al., 2021) that in developing BUMDes it must be supported by good resources in quality and quantity and supported by technology and innovation that can develop village potential into superior products. This is in accordance with what has been done by BUMDes Bangun Mandiri by creating business units that can empower village communities by developing the potential of villages in Bekiung Village.

CONCLUSIONS And RECOMMENDATIONS

This PKM activity is expected to increase public understanding and knowledge about the benefits of MSMEs so that they can increase village income as well as improve the welfare of the community. Furthermore, this PKM activity is also expected to contribute to BUMDES Bangun Mandiri in order to strengthen SMEs that are unique with village potential and can design quality products so that they can be promoted outside the village environment. MSMEs have a very important potential and role in increasing economic growth, welfare, harmony, and balance, so with proper regulations and effective implementation from the village government, strengthening the village economy can be carried out properly and local wisdom owned by the village can be developed in accordance with which is expected.

Suggestions that can be given in this PKM activity are BUMDes Build Mandiri and the Village Government is to increase BUMDes capital and expand cooperation networks with all parties, namely government, universities, businesses, community groups/associations and the media. The collaboration that was built and then followed up with various activities became one of the success factors for BUMDes in the future.

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APPENDIX



Figure 1. Socialization and Counselling Regulation BUMDES



Figure 2. Animal Feed Products Training



Figure 3. Counselling About MSMEs