

ARTICLE

The Establishment of Optimized Management of The Economic Potential of Regional Communities Through Bumdes and Umkm

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Abstract: This study discusses the innovation of BUMDes and also SMEs in order to improve the economy and improve community efforts in managing potential economy owned by the area. Of course, this research will explore the problems that occur in BUMDes and UMKM as well as the role of the government and society in realizing a stable and prosperous community economy by implementing innovations that have been made to achieve these goals. This study uses a qualitative method. In this study, data collection was also carried out through searching various sources which were then processed and described in narrative form according to data needs. The population in this study is an area that has made innovations in the field of UMKM and also BUMDES which aims to grow and develop businesses in order to build a prosperous community economy. While the research subjects are in West Java Province with the innovation of the UMKM Outlet System and in Morotai Island Regency with its innovation, namely IT Bumdes. This study shows that local government and community participation in realizing innovations made in order to create a stable and prosperous community economy have succeeded in answering the problems that occurred, especially in West Java and Morotai Island Regency. With the creation of the UMKM Outlet System innovation in West Java and the IT innovation of Bumdes, Morotai Island Regency managed to provide an application system that can accommodate the development needs for the Cooperatives and Small Business Office as well as Small Business actors in the aspect of data and information processing. As well as providing services to the local community by placing prices and services according to market standards that do not cause distortions in the rural economy caused by BUMDes efforts. With the creation of the UMKM Outlet System innovation in West Java and the IT innovation of Bumdes, Morotai Island Regency managed to provide an application system that can accommodate the development needs for the Cooperatives and Small Business Office as well as Small Business actors in the aspect of data and information processing. As well as providing services to the local community by placing prices and services according to market standards that do not cause distortions in the rural economy caused by BUMDes efforts.

Keywords: Innovation, Public Service, BUMDes and UMKM, Technology, Local Government

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1. Preliminary

Globalization which is marked by free trade has demanded all countries in the world to be more creative and innovative. Especially for Indonesia, where the growth of Indonesian UMKM is still low. Even though the potential based on local wisdom is very large. With the existence of free trade, products from various countries can go in and out and be traded freely in other countries, creating its own challenges for Indonesia. Various efforts have been made by the government to grow the economy. Competition in the business world, especially in the medium and small scale industries, is increasingly showing a trend of increasingly fierce competition. The weak marketing system and lack of attention from local governments have hampered the development of UMKM in Indonesia. The establishment of BUMDes is very effective in maximizing all local potential that exists in an area/village, especially the development of UMKM in order to boost village, institutional and individual income as well as employment. The establishment of this business entity is in order to change the condition of the village economy so that it can speak at national and international levels in the context of free trade globalization. The BUMDes development strategy must be oriented to the global context through various important elements including management, finance, cooperation development, supervision, monitoring and evaluation. The establishment of this business entity is in order to change the condition of the village economy so that it can speak at national and international levels in the context of free trade globalization. The BUMDes development strategy must be oriented to the global context through various important elements including management, finance, cooperation development, supervision, monitoring and evaluation. The establishment of this business entity is in order to change the condition of the village economy so that it can speak at national and international levels in the context of free trade globalization. The BUMDes development strategy must be oriented to the global context through various important elements including management, finance, cooperation development, supervision, monitoring and evaluation (Sutopo, 2017). UMKM in Indonesia have become an important part of the economic system in Indonesia. This is because UMKM are business units that are more numerous than large-scale industrial businesses and have the advantage of absorbing more labor and also being able to accelerate the process of equity as part of development (Holy, 2008). As regulated in Law no. 32

of 2004 concerning Regional Government Article 213 paragraph 1, which states that a village can form a village-owned business entity in accordance with the needs and potentials that exist in the village. So by looking at the potential of existing UMKM, it is appropriate that the existence of BUMDes is more focused on developing the economic potential of the village, especially UMKM. This is because the main potential in the village is in the UMKM sector (Nugroho, 2018).

This study discusses the innovation of BUMDes and also SMEs in order to improve the economy and improve community efforts in managing potential economy owned by the area. Of course, this research will explore the problems that occur in BUMDes and UMKM as well as the role of the government and society in realizing a stable and prosperous community economy by implementing innovations that have been made to achieve these goals.

In this study, the author will describe in detail related to the background, goals, and also the results that have been achieved in creating innovations related to BUMDes and SMEs. Of course, the innovations that will be discussed in this research are innovations created by the government and in collaboration with the community so that they can be a solution to the problems of BUMDes and also UMKM so that the community's economy can prosper.

The definition of UMKM according to Law no. 20 of 2008, UMKM are trading businesses managed by individuals referring to productive economic businesses with the criteria set out in the law. In simple terms, the definition of UMKM is a trading business managed by individuals or in the form of a business entity whose business activities are small or micro (Wijoyo et al., 2021). Then, the development of rural areas requires a strategy and the involvement of the local village community. One form of development and empowerment in rural areas is the existence of Village Owned Enterprises (BUMDes). In essence, BUMDes are established and managed with the principles of togetherness and mutual cooperation followed by a spirit of kinship. This is in accordance with Article 89 of Law Number 6 of 2014 concerning Villages which states that the functions of establishing BUMDes are (a) business development; and (b) Village development, village community empowerment, and providing assistance to the poor through grants, social assistance, and revolving fund activities as stipulated in

the Village Revenue and Expenditure Budget (Nursetiawan, 2018).

The focus of this research is to focus on innovations carried out by in addition, this research will also focus on innovations carried out by the Province of West Java, namely the UMKM Outlet System innovation where, one of the things behind the thought of designing the KUMKM Outlet application in West Java is as a follow-up action. continued the Office of Cooperatives and Small Business of West Java Province towards the global socio-economic order which is in line with the policy of the West Java Provincial Government in 2015 which is to improve services to the community in the aspect of developing Small Business products through government modernization and public participation with an emphasis on the application of information technology. In addition, this research also focuses on the innovations carried out by the Morotai Island Regency, namely IT BUMDes, which is considering the increasingly difficult job opportunities both from the informal and formal sectors. So it is very important in encouraging opening up new business opportunities or growing small-scale businesses to be more advanced and independent. It is hoped that with the development of the business, it will be proportional to the opening of new jobs.

Interestingly, the two innovations are inseparable from technology that can make it easier for people to use these innovations. Where, with the use of information technology, it can be a bridge to improve relations between the government and the community because any problems that occur related to BUMDes and UMKM can be identified quickly using technology. With the advancement of technology, it is used directly by the Province of West Java and the Regency of Morotai Island to realize the various innovations it has designed in order to create a stable community economy.

Research related to BUMDes and also UMKM has been carried out by previous researchers. As is the case with research conducted by Dhikrullah (2016) who researched about The Synergy of Baitul Maal Wa Tamwil (BMT) with Village-Owned Enterprises (BUMDes) as an Alternative for Strengthening UMKM in Rural Communities. This study explains that the synergy process is expected to have a large enough impact as a stimulator of sustainable village development, another assumption explains that this synergy is very beneficial for all components in the economy and, for clarity, the impacts of this synergy

will be divided into several sub-subjects. . Among them are: Impact on the Government, Impact on Institutions (BMT, BUMDes, and UMKM), Impact on the Community.

Then, in the research conducted by (Hasnawati et al., 2021) with the theme of Capacity Building for Business Feasibility Studies on BUMDes and UMKM in Sungai Langka, Pesawaran Regency, it was explained that the training provided increased public understanding of the technical preparation of business analysis that had been carried out by the community, especially UMKM and BUMDes. However, the technical aspects of the preparation of the business analysis still require further assistance in the aspect of business capacity, especially in terms of its quantification in financial projections.

In addition, there are also studies conducted by (Zulkarnaen, 2016) focuses on the Development of Village Economic Potential through Village Owned Enterprises (BUMDes) Pondok Salam, Purwakarta Regency. Where, BUMDes was born as a new approach in an effort to improve the village economy based on the needs and potential of the village. BUMDes management is fully implemented by the village community, namely from the village, by the village, and for the village. Parakan Salam village and Salam Jaya village in Pondok Salam District, Purwakarta Regency, so far do not have BUMDes as a community economic institution. However, when viewed from its potential, these two villages have great potential for the establishment of BUMDes as a place for community economic activities and community public service institutions. Therefore,

In contrast to previous researchers, research conducted by (Puspita et al., 2020) more community service oriented. The service program carried out aims to help the community in Pasir Lanjung Village, Jagabaya Village, in developing the cassava peel cracker business. This business has been started for a long time, since 2002, but people do not understand well how to manage their business. Business governance problems such as processing, packaging, marketing, and financial records are still an obstacle for the community in developing their business, for this reason it is necessary to provide assistance, training and providing assistance with tools to improve product competitiveness and business governance, in order to be able to compete and develop globally. sustainable. It is hoped that in the long term business actors in Jagabaya Village can take advantage of the knowledge that has been given,

Not only that, research on BUMDes and UMKM was also carried out by (Zunaidah, Ama; Askafi, Eka; Daroini, 2021). The establishment of BUMDes is intended as a joint effort between the community and the village government, to develop the potential of the village and the needs of the community in order to improve the welfare of the entire community and contribute to village income. BUMDes business development requires the right strategy in managing the potential of village wealth. This study aims at the role of BUMDes in improving the welfare of the community. This research was conducted at the BUMDes Karya Real business location, Keboireng Village, Besuki District, Tulungagung Regency using qualitative methods. The role of BUMDes businesses in improving community welfare through the potential of agricultural products managed by UMKM is assisted by BUMDes in developing UMKM businesses. The potential of UMKM and absorption for the community is to create new jobs and businesses, Meanwhile, the role of BUMDes is for the development of UMKM, strengthening capital through savings and loan businesses and financial technology, market places through the web side and joint ventures. Through the development of BUMDes, community welfare has increased as evidenced by an increase in PAD and a decrease in the number of Pre-KS families.

Then, a similar research was carried out by (Haerudin et al., 2021) with the theme "The Importance of Village Owned Enterprises (BUMDES) in Advancing the UMKM Sector in Kendaljaya Village." With the increase in UMKM business players, it will improve the village economy itself. This is important for government agencies to pay attention to and assist the Micro, Small and Medium Enterprises sector by holding a program for empowering Micro-enterprises in Kendaljaya Village.

In contrast to previous research, this study presents more specifically about BUMDes and UMKM innovations carried out in two regions, namely Provinces and Regencies in Indonesia, precisely in West Java Province and Morotai Island Regency. Where, in this study, it focuses more on innovations created by local governments in order to realize a stable regional economy which is carried out with the participation and support of the Provincial and Regency communities as one solution to the problems of BUMDes and UMKM that have occurred in the area so far.

This research is considered important because it is based on Law of the Republic of Indonesia Number

20 of 2008 About Micro, Small, and Medium Enterprises that a just and prosperous society based on Pancasila and the 1945 Constitution of the Republic of Indonesia must be realized through the development of a national economy based on economic democracy. In addition, it needs to be carried out in a comprehensive, optimal and sustainable manner through the development of a conducive climate, providing business opportunities, support, protection, and business development as widely as possible, so as to be able to improve the position, role, and potential of Micro, Small and Medium Enterprises in realizing economic growth, equity and increasing people's income, creating job opportunities, and alleviating poverty. As has been set in Government Regulation of the Republic of Indonesia Number 11 of 2021 Regarding Village-Owned Enterprises, Village-Owned Enterprises, hereinafter referred to as BUM Desa, are legal entities established by villages and/or villages to manage businesses, utilize assets, develop investment and productivity, provide services, and/or provide other types of services. other efforts for the maximum welfare of the Village community. With the existence of BUMDes, of course, it can be used to develop the economic potential of the village, especially increasing its attention to UMKM.

Therefore, this study aims to determine the extent to which the realization of the application of innovations aimed at BUMDes and UMKM as a result of programs implemented by the government is supported by community participation and support, especially West Java Province and Morotai Island Regency which carry out innovations for BUMDes and UMKM. by using technology to overcome economic problems that occur in West Java Province and Morotai Island Regency. With this research, it is hoped that it can become a learning medium for other regions in making innovations to facilitate the community in realizing a prosperous community economy

2. Research Methods

This study uses a qualitative method. Dr. Wahid Pure (2017) explained that the qualitative research method is a method used to answer research problems related to data in the form of narratives sourced from interviews, observations, document multiplication. In order to properly describe the approach and types of research, the presence of researchers, research locations, data sources, data collection techniques, data analysis, and checking the validity of the findings

in a research proposal and/or report, a good understanding of each of these concepts is required.

In this study, data collection was also carried out through searching various sources which were then processed and described in narrative form according to data needs. The population in this study is an area that has made innovations in the field of UMKM and also BUMDES which aims to grow and develop businesses in order to build a prosperous community economy. While the research subjects are in West Java Province with the innovation of the UMKM Outlet System and in Morotai Island Regency with its innovation, namely IT BUMDes.

3. Results and Discussion

3.1. UMKM Outlet System in West Java Province

The things behind the thought of designing the KUMKM Outlet application in West Java are first, as a follow-up to the Office of Cooperatives and Small Business of West Java Province towards the global socio-economic order in line with the West Java Provincial Government policy in 2015 which is to improve services to the community in aspects Small Business product development through government modernization and public participation with an emphasis on the application of information technology. Second, the results of the evaluation and revitalization of online promotion media (KUMKM Outlets) of the Cooperatives and Small Business Office of West Java Province in the previous period. Third, the need for up-to-date and effective supporting instruments in data identification and product/business development and marketing for Small Businesses in West Java Province. Fourth, the need for an information technology-based media to facilitate Small Business in West Java. And fifth, the need for effective instruments in strengthening and empowering Small Businesses in West Java broadly.

With regard to the purpose of this activity is to develop a "Web-Based Application for Business Development and Marketing of Small Business Products" in order to identify, facilitate, promote, strengthen and develop Small Business products in West Java.

The purpose of making this application is first, to provide a web-based application system that can accommodate the development needs of the Cooperatives and Small Business Office and Small Business actors in the aspect of data and information processing. Second, providing a marketing application system that allows introducing Small Business products at local, regional, national and international

scopes. Third, provide an application system for product development and Small Business that functions as an online display of Small Business Products. Fourth, provide an effective medium for strengthening Small Businesses in terms of human resources, market access and access to information technology. Fifth, provide effective and efficient means for supporting exhibitions and events at the Cooperatives and Small Business Office, especially in the Small Business Sector through e-registration for prospective exhibitors from all corners of West Java. And sixth, developing an application system that can be used as an instrument for monitoring and evaluating Small Businesses.

The results of the UMKM Outlet System in West Java are, first, UMKM outlets as a support system for UMKM for Digital-Based Product Marketing Activities. Second, the availability of accurate digital data regarding the profile and Small Business Products in West Java Province. And third, the availability of reliable instruments in monitoring and evaluating the development of Small Business in West Java.

3.2. IT BUMDes Morotai Island Regency

Village-Owned Enterprises (BUMDes) are one of the priority programs of the Ministry of Villages, Development of Disadvantaged Regions and Transmigration of the Republic of Indonesia (Kemendes PDTT RI). Through BUMDes, rural communities are encouraged to manage the economy autonomously. Village-owned Enterprises (BUMDes) are a forum for all village communities to develop their businesses and are one of the institutions recognized by the Morotai Island district government and given the authority for each village to allocate the Village Revenue and Expenditure Budget (APBDes) as initial capital in BUMDes activities to for the welfare of the village community. Given the increasingly difficult job opportunities both from the informal and formal sectors. So it is very important in encouraging opening up new business opportunities or growing small-scale businesses to be more advanced and independent.

Based on the vision and mission above, of course, it has the goals and objectives of achieving the Village Owned Enterprises (BUMDes) program. The establishment of BUMDes has four important objectives, namely improving the Village Economy, increasing Village Original Income, increasing Potential Management according to community needs, and becoming the backbone of Village Economic growth and equity.

To achieve the four objectives of BUMDes above, it must be done, among others, by meeting the needs (productive and consumptive) of the community through goods and services managed by the community and the village government. In addition, this institution is also required to be able to provide services to non-members/local communities by placing prices and services according to market standards that do not cause distortions in the rural economy caused by BUMDes efforts.

In the legislation it is stated that BUMDes can be established in accordance with the needs and potential of the village. The needs and potentials in question are first, the needs of the community, especially in meeting basic needs. Second, available village resources that have not been used optimally. Third, human resources are available who are able to manage business entities as assets that drive the community's economy. And fourth, the existence of business units which are economic activities.

BUMDes is a vehicle for carrying out business in the village. The business units include, first, the distribution of nine basic village economic commodities. Second, potential trade is packaged in the form of cooperatives which include: savings and loan cooperatives, fishermen/fishery cooperatives, livestock cooperatives, agricultural and plantation cooperatives and tourism cooperatives. Third, service businesses such as: land and water transportation services, village electricity, clean water and so on. And fourth, industry and folk/household crafts.

The results of the IT BUMDes innovation in Morotai Island Regency in the implementation system of Village Owned Enterprises (BUMDes) based on Information Technology (IT BUMDes) can provide benefits such as ease of accessing data and reporting. The data in question is overall data related to institutional data, as well as financial administration reports. In addition, this system can provide new opportunities in marketing products from the BUMDes business unit both offline and online so that it can encourage the improvement of the welfare of the people of Morotai Island Regency. Changing the old paradigm, which is to welcome the new morotai "MOROTAI BANGKIT".

4. Conclusion

This study shows that local government and community participation in realizing innovations made in order to create a stable and prosperous community economy have succeeded in answering the problems

that occurred, especially in West Java and Morotai Island Regency. With the creation of the UMKM Outlet System innovation in West Java and the IT innovation of BUMDes, Morotai Island Regency managed to provide an application system that can accommodate the development needs for the Cooperatives and Small Business Office and Small Business actors in the aspect of data and information processing. As well as providing services to the local community by placing prices and services according to market standards that do not cause distortions in the rural economy caused by BUMDes efforts.

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Meanwhile, the results of the IT BUMDes innovation of Morotai Island Regency in the implementation system of Village Owned Enterprises (BUMDes) based on Information Technology (IT BUMDes) can provide benefits such as ease of accessing data and reporting. The data in question is overall data related to institutional data, as well as financial administration reports. In addition, through this system, it can provide new opportunities in marketing products from the BUMDes business unit both offline and online so that it can encourage the improvement of the welfare of the people of the Morotai Island district. Changing the old paradigm, which is to welcome the new morotai "MOROTAI BANGKIT".

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