

## Development of village Economic Potential through Management Laturake Village Owned Enterprise (BumDesa), Taniwel District, West Seram

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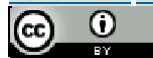
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### ABSTRACT

Village-Owned Enterprises, hereinafter referred to as BumDes, are business entities whose capital is wholly or substantially owned by the village through direct participation originating from separated village assets to manage assets, services and other businesses for the greatest possible welfare of the village community. BumDes management is fully carried out by the village community, namely from the village, by the village, and for the village. The program carried out by the BumDes in Laturake Village is the processing of Lawang Oil and Damar from the trees (resin trees and mace trees) owned by the community by buying them from the Bumdes and then processing them and then selling them back. This objective is to determine the development of the village's economic potential through the management of village-owned enterprises (BumDes) in Laturake Village, Taniwel District, West Seram. This research is a type of field research and the population as well as the sample in this study are the Village Head, Head of Bumdes, BumDes Members, Village Community. Data collection techniques used are interviews and documentation. The data analysis technique used is a qualitative analysis method using inductive thinking. The results showed that the management of BumDesa in Laturake Village, Taniwel District, West Seram Regency had quite a positive impact on the Laturake village community. BumDes had made a good effort to see, observe and consider what potential could and might be developed in this Laturake village, namely by processing the roots of anise trees which have not been touched for recycling

## **INTRODUCTION**

Economic development is an important part of national development with the ultimate goal of increasing the welfare and prosperity of the people. Economic development in a region or country can be seen from the development of its economic growth in the long term. The strategy for increasing the community's economic welfare is directed at encouraging discussion of structure, namely by strengthening the position and role of the community's economy in the national economy. This change includes the process of changing from a weak economy to a resilient economy from dependence on independence. The weak economic condition of the community demands a way out because the unfavorable economic condition of the community can have a negative impact on the survival of the community, the negative impact of which includes increasing unemployment, many children drop out of school, the community is unable to meet basic daily needs (clothing, food, shelter). Economic growth refers to an increase in real per capita income. The rate of growth of a country's economy depends on the rate of growth of its resources and on the rate of improvement of its production techniques or technology.

Population is the main factor of production available in relatively underdeveloped countries and is also a factor in excess. Because of that the mobilization of the forces of this population for economic, social and cultural activities will be very good and in a way that is suitable for the community there will result in a rapid progress, economic development should be based on the traditions or associations that exist in the community there.

Village community building can be defined as a process in which people, together with government officials, try to improve the economic, social and cultural conditions in a given society, integrate this society in the life of the nation and can help build the nation and state. Community development is a commitment to empowering the grassroots so that they have real choices regarding their future. The lower strata of society generally consist of weak, powerless and poor people because they do not have the resources or do not have the ability to control the means of production. They generally consist of laborers, sharecroppers, smallholder farmers, fishermen, forest communities, the unemployed, the disabled, and people who are marginalized by age, gender, race, and ethnicity. all community development activities are directed at forming a community structure that reflects the growing spirit of self-help and participation.

Community development includes efforts to strengthen social interaction in society, create a spirit of togetherness, solidarity among community members and help them to communicate with other parties by way of dialogue naturally or without intervention, based on full understanding and followed up with real social action. In rural development at a more level level are the sub-sectors of food crop agriculture, fisheries, animal husbandry, plantations and forestry, through intensification, extensification, diversification and rehabilitation efforts, in an integrated, harmonious and equitable manner while maintaining the preservation of natural resources. and the environment.

UU No. 6 of 2014 concerning Villages. Being an important priority for the government, where the Village is prioritized as a "great power" that will contribute to Indonesia's mission to be sovereign, prosperous and dignified. The government is committed to overseeing the implementation of the Village Law in a systematic, consistent and sustainable manner, to achieve developed, strong, independent and democratic villages. The realization of village funds is a follow-up to the government's program to develop Indonesia from the periphery by strengthening regions and villages within the framework of a unitary state which aims to improve welfare and equitable development through improving public services, advancing the economy, overcoming development gaps between villages and strengthening communities as subjects of development.

Laturake Village is a village located in Taniwel District, West Seram Regency. The majority of the people of Laturake Village work as farmers and breeders because they live in a mountainous area. This means that the community's economic level can still be said to be low because the income level is uncertain, only determined by crop yields which sometimes cannot be relied upon to meet needs. This certainly hampers the growth of the village economy, therefore, government efforts are needed to help the economy of rural communities through assistance to villages, but this assistance is generally only in the form of direct assistance,

Based on a survey conducted by researchers to the Head of Laturake Village, that in Laturake Village a Village-Owned Enterprise has been established whose activities are engaged in the processing of Lawang Oil and Damar, but within the past 2 (two) years the production activity has experienced problems, due to management BumDes which is not yet good. Capital does not rotate well. Profits are not properly recorded and allocated. In fact, based on the conditions and potential that exist in the village, currently the development of economic potential is carried out in the processing of Lawang Oil and Damar, because it is considered very effective given that Laturake is rich in forest natural resources with resin trees and anise trees which have a sale value. These activities bring positive value to Laturake residents in particular. Based on this description.

## **LITERATURE REVIEW**

### **Developing Economic Potential**

Development is a process, method, act of developing, the government always tries to develop development in a gradual and orderly manner that leads to the desired target. Community development, the process of joint activities carried out by residents of an area to meet their needs.

Community development is an effort to develop a community condition in a sustainable and active manner based on the principles of social justice and mutual respect. Community development is a commitment to empowering the grassroots so that they have real choices regarding their future.

Potential is an ability that has the possibility to be developed, strength, ability, power. Economic potential is the economic capacity that exists in a region that is possible and feasible to develop so that it will continue to develop as a

source of livelihood for the local people and can even encourage the regional economy as a whole to develop independently and sustainably.

Potential in economic activities means having the meaning of understanding something that can be developed or its value utilization can be increased. Exploring the value of the benefits of natural resources which is more directed to economic forms of economic activity. To explore this potential, activities or activities in economic forms are needed that can explore and increase it. Utilization of natural resources has been carried out in various forms of activity and adapted to the natural resources owned. Activities to exploit the potential of natural resources to improve the economy. Utilization of the potential of natural resources in Indonesia is dynamic because many activities can be carried out to develop the potential of natural resources such as activities to increase agricultural potential, plantation potential, fishery potential,

### **Village Owned Enterprises (BumDesa)**

Village Owned Enterprises as defined in Article 1 point 6 of Law no. 6/2014 concerning Villages, as: "Village-owned enterprises, hereinafter referred to as BUM Desa, are business entities whose capital is wholly or substantially owned by the Village through direct participation originating from Village assets which are separated to manage assets, services and other businesses. For the greatest welfare of the Village Community.

BUMDES is an instrument for empowering the local economy with various types of potential. Empowerment of this potential primarily aims to increase the economic welfare of villagers through the development of their economic enterprises. Besides that, the existence of BumDes also contributes to increasing the village's original source of income which allows the village to be able to carry out development and improve people's welfare optimally.

### **BumDesa Management**

The establishment of BUMDes is a business entity that can empower various community business potentials in the village, support the implementation of development in the village and become the backbone of village economic growth and equity.

According to the Center for the Study of Development System Dynamics (2007), BUMDes management must be carried out using cooperative, participatory, emancipatory, transparent, accountable and sustainable principles, with a member-based and self-help mechanism that is carried out professionally and independently. In this regard, to build BUMDes, accurate and precise information is needed about local characteristics, including the socio-cultural characteristics of the community and market opportunities for the products (goods and services) produced. BUMDes as a business entity that was built on the initiative of the community and adheres to the principle of independence, must prioritize obtaining capital from the community and Pemdes. Even so, it is possible that BUMDes can obtain capital from outside parties, such as from the Regency Government or other parties,

Another important thing is that BUMDes must be able to educate the community in the habit of saving, in this way it will be able to encourage the economic development of rural communities independently. The management of BUMDes is predicted to continue to involve third parties which will not only have an

impact on the village community itself, but also the wider community (Regency). Therefore, the establishment of BUMDes which is initiated by the community must still consider the existence of a supporting village economic potential, payment of taxes in the village, and the compliance of village communities with their obligations. The research flow is explained in the following frame of mind figure:

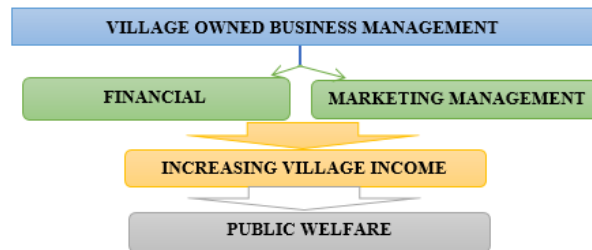


Figure 1. Conceptual Framework

## METHODOLOGY

This research is field research. Field research is a research conducted in the field or research location, a place chosen as a location to investigate objective symptoms that occur in that location. This research was conducted in Laturake Village, Taniwel District, West Seram Regency. This research is descriptive qualitative in nature, that is, it merely describes a situation or event without the intention of drawing general conclusions.

Data sources in this study are data obtained and extracted directly from the first source or research subject. The primary data sources in this study were the Village Head Mr. Ruben Makulesi, the Head of Bumdes, members of BumDes and the community who own a resin and anise business.

This study uses a qualitative descriptive analysis method. Qualitative analysis is an effort made by working with data, organizing data, selecting it, looking for and finding patterns, finding what is important and what is learned and deciding what to tell others. The data is analyzed by using inductive thinking. Inductive thinking is a way of thinking that starts with specific and concrete facts and then draws conclusions from these facts or events.

## RESULT

In the phases of the internal and external strategic factor matrix, basically it is not just carrying out data identification activities or data collection activities, but is also a process of classifying and pre-analyzing data. At this stage the data is divided into two, namely internal data and external data. The stage carried out in factor analysis of the first internal strategy is to determine what are the strengths and weaknesses of the BUMDes of Laturake Village. As in the research conducted by Faris Musyafak and Suakrno, who discussed BUMDes,

The next stage is an analysis of external strategic factors which determine what are the opportunities and threats to the establishment of BUMDes in Laturake Village. The following is a presentation of the matrix of internal and

external strategy factors for BUMDes Laturake Village which is illustrated in the table below.

Table 1. Identify the Internal and External Factors of Prosperous BumDes (Laturake Village)

	<b>EXTERNAL</b>
<b>STRENGTHS</b>	<b>OPPORTUNITIES</b>
1. Management has been running well	1. There are increasingly advanced technological developments
2. Has village potential that can be developed into a business unit	2. There is support from the local government
3. Placement of human resources according to their respective fields and abilities	3. No business competitors
<b>WEAKNESS</b>	<b>THREATS</b>
1. Lack of capital	1. No business partners yet
2. HR is not yet adequate	

After carrying out the identification and classification stages of the matrix of internal and external factor strategies, the next step is to determine alternative strategies by creating a SWOT Matrix. The preparation of the SWOT matrix as in the table above refers to the results of the analysis of strategic factors both internal and external factors consisting of strengths, weaknesses, opportunities and threats. The SWOT matrix is composed of four main strategies, including: strengths-opportunities or SO strategies, weaknesses-opportunities or WO strategies, strengths-threats or ST strategies, and weaknesses-threats or WT strategies. Each strategy has its own characteristics and in its implementation these strategies are then carried out together and mutually support one another. Based on the SWOT Matrix analysis, various alternative strategies can be developed for Laturake Village BUMDes with an explanation in the table as follows:

Table 2. SWOT Analysis

	<b>Strengths</b> 1. Management is running well 2. Has village potential that can be developed into a business unit 3. Placement of human resources according to their respective fields and abilities	<b>Weaknesses</b> 1. Reporting of performance and financial results is often late 2. There are still people who don't know about Laturake Village BUMDes 3. Small Capital
<b>Opportunities</b> 1. There are increasingly advanced technological developments 2. There is support from the local government 3. No business competitors	<b>SO</b> 1. Develop new business units by utilizing village potential 2. Improving public services 3. Utilize the facilities provided by the village government and local government	<b>WO</b> 1. Improve management by periodically holding training 2. Ensure socialization and promotion to the community
<b>Threats</b> 1. No business partners yet	<b>ST</b> 1. Build partnerships with government and private agencies to become BUMDes partners	<b>WT</b> 1. Recruit expert staff according to competence 2. Conduct visits and comparative studies to BUMDes that have successfully developed their business

Based on the table above, the right choice of strategy to apply for BUMDes in Laturake Village:

1. Develop new business units by utilizing the potential and facilities provided by the Village Government
2. Improving BUMDes services
3. Improve management by periodically holding evaluative meetings and conducting training
4. Facilitate outreach and promotion to the community
5. Building partnerships with various agencies, both public and private
6. Conduct study visits to BUMDes with good management to improve management competence.

## **DISCUSSION**

BumDes has carried out its operational activities in accordance with the economic potential that exists in Laturake village in accordance with the provisions of the government that Bumdes must be able to manage their respective businesses according to the potential and needs that exist in the village, namely engaged in the processing of Lawang Oil which is made from the roots of the star anise tree. Farmers in Laturake village. He also stated that this program had a very positive impact on the Laturake village community. The positive impact that can be felt by the people of Laturake village, among others, is that the community can benefit from selling the roots of the mace tree to the village-owned enterprise, then the community can buy Lawang Oil which has been processed and is ready to be used at an affordable price,

Mr. Taroci Suplatu as chairman of BumDes Laturake, he has been chairman of BumDes Laturake since its inception a year ago, namely December 2017, based on his statement BumDes Laturake is engaged in the processing of Lawang Oil. The initial process of processing it is by collecting the roots of the mace tree from the community by purchasing it using a one-kilogram wholesale system, usually Rp. 25,000 to Rp. 30,000 then for the next process it still has to go through a distillation process using a kettle.

The marketing system for this Lawang Oil is by word of mouth, through outreach to farmer groups in Laturake village, and has not yet entered social media. The lack of community involvement is a bit of an obstacle for BumDes to be able to continue to develop the economic potential that exists in Laturake Village due to the lack of community knowledge.

Economic potential is the economic capacity that exists in a region that is possible and feasible to develop so that it will continue to develop as a source of livelihood for the local people and can even encourage the regional economy as a whole to develop independently and sustainably. After the researchers conducted research and interview results, the BumDes Laturake has made efforts to develop the economic potential that exists in Laturake village quite well, namely developing it according to the potential and conditions of the village, namely by utilizing the abundant resources from the roots of the mace tree which are processed into Lawang Oil.

In accordance with the provisions that BumDes is a village business institution managed by the community and village government in an effort to strengthen the village economy and is formed based on the needs and potential of the village.

From the results of interviews conducted with several Laturake villagers, the program from BumDes has had many positive impacts, including:

- ✓ Farming communities can sell the roots of their mace trees to BumDes Laturake, which is certain to increase their income, from which there was no economic value in the form of cash, now it has a sale value.
- ✓ Farming communities can buy Lawang Oil from the roots of the Processed Lawang tree at an affordable price.
- ✓ BumDes also provides jobs to assist in the Lawang Oil production process. Slightly reduced the number of unemployed.

- ✓ The existence of this program from BumDes provides members and the community with more knowledge on how to process the roots of the mace tree into Lawang Oil from training held by the village government.
- ✓ For the Laturake village community in general, the existence of BumDes can be felt a little from the increase in the village's original income, which means strengthening village finances in village management and development.

Therefore optimizing the village's original income through the management of Village Owned Enterprises (BumDes) is very important in supporting the strengthening of PADesa. If PADesa can be increased, the village will receive management funds and development financing for the village, so that village independence will be realized in meeting the development needs of village public facilities. This will make the village not just waiting for development from the regional government or the central government. but it also cannot be denied that there are a few problems that become obstacles in the running of this Lawang Oil business, namely the lack of full community participation, there are still many farmers who are reluctant to use this Lawang Oil from BumDes, farmers are still loyal to chemical fertilizers which farmers value have a faster impact on plant growth that farmers plant regardless of damage to the planting media due to chemicals given to plants. Fulfillment of demand for Lawang Oil actually comes from outside the region who consistently become consumers of BumDes Laturake. Welfare will be realized if the community in a region shows information, namely the amount of income received by the community is able to meet the needs of both primary, secondary and other needs. There is equal distribution of income in society so that there is no social jealousy. Educational facilities that are easier and more affordable so that people will get an adequate standard of living which will certainly improve the welfare of the community itself.

The quality of health is increasing and evenly distributed, such as the availability of facilities close to the community, such as the puskesmas and the village health center. One of the efforts made by BumDes Laturake is to try to increase people's income through cooperation in selling star anise roots from farmers to BumDes, then for farmers to be able to provide Lawang Oil at affordable prices, of course this will reduce the cost of farming which has an impact on the final income that will be obtained by farmers, absorption of labor by BumDes as production workers which will increase income for those who have not previously worked and increase the village's original income which will have the effect of facilitating existing development in the village towards adequate facilities.

## **CONCLUSION AND RECOMMENDATION**

### **Conclusion**

The development of economic potential through village-owned enterprises (BumDes) with management in Laturake Village, Taniwel District, West Seram Regency, has quite a positive impact on the village community. In this Laturake village, namely by processing the roots of the mace tree, which so far has not been touched by its recycling.

The running of this program has many benefits for the community. The farming community feels that they can increase their household income by selling the roots of the mace tree. Then farmers can buy Lawang Oil at an affordable price although there are still few who use this Lawang Oil compared to chemical fertilizers and with this program there is absorption of labor by BumDes for the Lawang Oil production process, as well as an increase in the village's original income which can facilitate better development in the village which of course is to support adequate facilities for the Laturake village community.

In general, the community stated that the program run by BumDes was already good, it's just that other programs need to be further developed by BumDes so that the impact can cover all levels of society, whether they are farmer traders, entrepreneurs and others.

### **Recommendations**

The suggestions that the researchers gave in connection with this research are as follows:

1. BumDes Laturake.

As an instrument for empowering the local economy with various types of potential aimed at increasing economic welfare, it should further explore the potentials that can be developed in Laturake Village, not only in the agricultural sector.

2. Government

Continue to evaluate the work program of BumDes Laturake so that it remains an effective and efficient program that does not deviate in an effort to improve welfare for the people of Laturake village. Provide input or ideas about new programs or ideas to be developed by BumDes Laturake

3. Public

The more developed an area, the greater the competition to live in it, the narrower the opportunities to get a job. So to be able to compete in society, it is necessary to improve the quality of individual human resources both in terms of knowledge, insight, ability, creativity and productivity.

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