

# The Role of Bumdes in Community Income In Pematang Serai Village

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**Abstract**— This research aims to examine the role of Village-Owned Enterprises (BUMDes) in increasing community income in Pematang Serai Village. The research method used is qualitative research with a case study approach. Data was obtained through observation, interviews and documentation studies. The research results show that BUMDes has a significant role in increasing the income of the people of Pematang Serai Village through the various business units they manage. These business units, among others, operate in the agricultural, handicraft, service sectors, and so on. BUMDes also provides training and assistance to the community to improve their skills and economic capacity. However, there are still several obstacles such as lack of capital and minimal community participation. Therefore, this research proposes several recommendations to increase the role of BUMDes in increasing the income of the people of Pematang Serai Village.

**Keywords**—BUMDes, Pematang Serai Village, Revenue

## I. INTRODUCTION

Indonesia's development begins at the lowest level, namely village development, which has a very important and strategic role in the context of national development and regional development. Development that can be carried out in rural areas is by empowering and developing the community's economy. Development through community economic empowerment is very effective in improving the welfare of village communities, especially by generating community-based economic potential. To build community participation, economic potential is currently the target of every region.

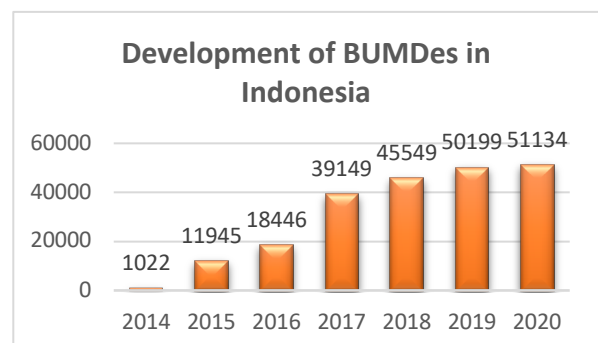
The village is one of the components in the structure of a country which has an important role in state and regional development, especially in improving and supporting the improvement in the standard of living and welfare of the surrounding village community. With the enactment of Law Number 6 of 2014 concerning Villages (UU No. 6 of 2014) it has become an important priority for stakeholders, where Villages are positioned as a major force that will contribute to Indonesia's mission of being sovereign, prosperous and dignified to achieve Village which is advanced, strong, independent and democratic [1].

Village original income as referred to in letter (a) above is a very vital source of village finance because high village original income will make the village economy better and make the village independent without having to depend on assistance from the regional government. To support the village's original income, villages are given the authority to form Village-Owned Enterprises (BUMDes). BUMDes is like a State-Owned Enterprise (BUMN) or Regional-Owned Enterprise (BUMD), namely a company owned by the local

government, in this case the village government. BUMDes is a village business institution managed by the community and village government in an effort to strengthen the village economy and build community social cohesion which is formed based on the needs and potential of the village. In essence, BUMDes is not something new, BUMDes already existed and were regulated in laws and regulations relating to villages or regional government before the Village Law was issued in 2014.

BUMDes was previously regulated in Article 213 paragraph (1) of Law Number 32 of 2004 concerning Regional Government which has now been amended by Law Number 23 of 2014, namely that villages can establish village-owned business entities in accordance with the needs and potential of the village [2]. It has been six years since the Minister of Villages, Development of Disadvantaged Regions and Transmigration Regulation number 4 of 2015 concerning Village-Owned Enterprises was issued. However, the existence of BUMDes is not yet fully spread throughout the country. The 2020 Village Potential Data (PODES) noted that of 74,500 villages, 72% have BUMDes. Meanwhile, 21 thousand of them do not have BUMDes. The Maluku and Papua regions are the regions with the fewest BUMDes, only 24% or 2,183 villages out of a total of 9,265 villages. In fact, the total village funds that have been distributed to villages in Indonesia throughout 2015-2020 amounted to IDR 323.32 trillion. Starting from 2014 to 2020 (for 6 years) the number of BUMDes in Indonesia has increased rapidly. In 2014, BUMDes numbered 1,022 units to 51,134 units in 2020. The following is a graph of the increase in the number of BUMDes in Indonesia from 2014 to 2020.

Figure 1. 1 Number of BUMDes in Indonesia 2014-2020



Source: Mendes PDTT (Processed 2024)

In 2020-2021 will be remembered as the year of Village-Owned Enterprises (BUMDes), when the Job Creation Law



legalized BUMDes as legal entities. To date, the number of BUMDes formed is 57,266 BUMDes, an increase from 2020 which amounted to 51,134 BUMDes. The lack of public understanding regarding BUMDes means that villages in Indonesia do not yet have BUMDes. Even at the village level, there are still many village governments who do not believe that BUMDes can create economic benefits to improve the welfare of their citizens. Then, limited access to information due to the geographical conditions of most villages is an obstacle that makes it difficult for residents to get a comprehensive explanation of the ins and outs of BUMDes [3].

A study conducted by Budiono (2015), stated that in 2006 in Bojonegoro Regency 419 BUMDes had been established, and based on the results of mapping carried out by the Community Empowerment and Village Government Agency (BPMPD) in 2013, it was stated that the number of BUMDes still running was only 21 BUMDes. In this study, it was also found that BUMDes which were considered successful were also not able to contribute to village cash income or PADes.

Likewise, a study conducted by Ramadana & Ribawanto (2010) in Landungsari Village, Dau District, Malang Regency concluded that only a portion of the people in Landungsari Village felt helped by the existence of BUMDes, namely through renting market stalls and borrowing capital. However, overall it has not been able to meet community needs and contribute to increasing village income [4]. Therefore, BUMDes as an economic strengthening institution is considered to have not been successful. This illustrates that the implementation of BUMDes in a number of regions cannot yet be said to be effective in providing social and economic contributions to village communities because the pattern of utilization of BUMDes funds is still not running optimally.

This can be seen from the BUMDes business being run in the village which can only accommodate a portion of the community. Therefore, this research aims to determine the pattern of utilization of BUMDes funds by taking a case study in Pematang Serai Village, Langkat Regency, which is one of the villages that implements BUMDes.

The formation of village-owned business entities is also based on Minister of Home Affairs Regulation number 39 of 2010 in chapter II concerning the formation of village-owned business entities. This formation comes from the district/city government by establishing regional regulations regarding guidelines for the formation and management of BUMDes. Next, the village government forms a bumdes with village regulations that are guided by regional regulations. These regional regulations will emerge with Law number 12 of 2008, an amendment to Law number 32 of 2004 concerning regional government which states that:

"In order to realize the mandate of the 1945 Constitution of the Republic of Indonesia, the implementation of regional government is directed at being able to produce effective regional leadership by paying attention to the principles of democracy, equality, justice and legal certainty in the system of the Unitary State of the Republic of Indonesia."

By referring to this law, with effective regional leadership, regional regulations will also be good, as has been used as a guideline by the Landungsari Village Government, namely in Malang Regency Regional Regulation Number 20 of 2006 concerning Village-Owned Enterprises (bumdes) which become a reference in the formation of village-owned

business entities in Landungsari. Then Village Regulation Number 2 of 2008 concerning the Formation of Village-Owned Enterprises was formed. Thus, the existence of villages both as government institutions and as unitary entities of customary law communities is very important and strategic. As a government institution, the village is the spearhead of providing services to the community. Meanwhile, as a unitary legal community entity, the village is the basis of the Indonesian nation's social system which is very strong so that it can become a strong foundation for the development of a stable and dynamic political, economic, socio-cultural and defense system.

So the village is *miniature* and *sample* which is very good for closely observing the interactions between the government and its citizens. And it is through this village that village-owned business entities can be organized by referring to village regulations which are based on regional regulations. It is hoped that this BUMDes will also be able to stimulate and move the wheels of the economy in rural areas. Economic assets in the village must be fully managed by the village community. The substance and philosophy of BUMDes must be imbued with a spirit of togetherness and self-help as an effort to strengthen the economic aspects of the institution. At this stage, BUMDes will move in line with efforts to increase the village's original sources of income, mobilize community economic activities where the role of BUMDes is as an umbrella institution to provide shelter. This effort is also important in the framework of reducing the role of free-riders which often increase transaction costs in community economic activities through rent-seeking practices [5].

Seeing the position of this village-owned business entity in facing the reality of the influx of domestic and foreign capital intervention which is now making the village a very tough target for business development, besides that this village-owned business entity only has a small amount of capital when compared to private companies with large capital, the position of this business entity is belonging to this village cannot be compared. With the natural resources owned by the village, this is very vulnerable to capital and market intervention in the village. The presence of this village-owned business entity itself will be an antidote to the power of foreign and national corporations. It is hoped that this village-owned business entity will be able to drive the dynamics of the village economy and act as a village company.

## II. LITERATURE REVIEW

### A. Role Theory

According to terminology, a role is a set of behaviors that are expected to be possessed by those in society. In English the role is called "role" whose definition is "person's task or duty in undertaking". It means "a person's duties or obligations in a business or job". Roles are defined as sets of behavior that are expected to be possessed by people in society. While a role is an action carried out by a person in an event [6]

Role means something that is played or carried out. A role is defined as an activity that is played or played by someone who has a position or social status in an organization. The role that must be carried out by an institution/organization is usually regulated in a regulation which is the function of the institution. There are two types of roles, namely the expected role and the role played (actual role). In carrying out the role they carry out, there are supporting and inhibiting factors [7].

Role can be interpreted as the orientation and concept of the part played by a party in social opposition. With this role, the actor, whether individual or organizational, will behave according to the expectations of the person or environment. Roles are also defined as demands given structurally (norms, expectations, taboos, responsibilities and others). Where there is a series of pressures and conveniences that connect the supervisor and support his function in organizing.

A role is a set of behaviors in groups, both small and large, all of whom carry out various roles [8]. A role is a set of behaviors that a person is expected to carry out. This appreciation is a norm that can result in a role occurring. In an organizational position, roles are obtained from job descriptions, which are written documents that contain requirements and responsibilities for a task or job. Basically, a role is a manifestation of interaction between people in an organization. Therefore, there is a lot that can be done to plan interventions towards change, improvement and perfection of the organization [9].

Meanwhile, according to KBBI (2021), a role is as a player, a role is a characteristic that a person carries out, "a level device that is required to be possessed by people in society" [10]. This is aimed at the collective nature of social life, such as associations and organizations. Therefore, role means the level of device that is expected to be owned by organizations located in society. The essence of a role can be formulated as a series of certain behaviors that arise from a particular position. A person's personality can also influence how that role should be carried out. The roles played or played by top, middle and lower level leaders will also have the same role.

#### B. Village Government

According to Law Number 23 of 2004 concerning Regional Government, villages are distinguished from sub-districts. A village is a legal community unit that has territorial boundaries and is authorized to regulate and manage the interests of the local community based on local origins and customs recognized by the state.

Meanwhile, according to Law of the Republic of Indonesia no. 6 (six) of 2014 concerning Villages, article (1) villages are villages and traditional villages or referred to by other names, hereinafter referred to as villages, are legal community units that have territorial boundaries and are authorized to regulate and manage government affairs and the interests of the local community. based on community initiatives, rights of origin, and/or traditional rights that are recognized and respected in the government system of the Unitary State of the Republic of Indonesia (NKRI). Village Government is the administration of government affairs and the interests of local communities in the government system of the Unitary State of the Republic of Indonesia.

The Village Government is the Village Head or what is known by another name, assisted by village officials as the organizing element of the Village Government. According to the 2014 Village Law, Article 1 number 1, a village is a legal community unit that has territorial boundaries and is authorized to regulate and manage government affairs, the interests of local communities based on community initiatives, original rights, and/or traditional rights that are recognized and respected in government system of the Unitary State of the Republic of Indonesia. Village government is structurally under the district/city and remains part of the district/city

regional government, however village management is carried out independently, the regional government only acts as a supervisor and supervisor in achieving regional development goals through village empowerment. One of the village development efforts begins with developing village resources and finances so that village governance can be realized independently [2].

#### C. Villages Finance

The 2014 Village Law states that village finances can come from several sources, including Village Original Income (PAD), APBN allocations, regional taxes and levies, balancing funds, financial assistance from provincial and district/city governments, grants and donations from parties. third, as well as other legitimate village income. Law of the Republic of Indonesia Number 6 of 2014 concerning Villages defines village finances as village rights and obligations that can be valued in money, including everything related to the implementation of village rights and obligations. Village income sources include PADes, part of regional taxes and levies, balancing funds from the central and regional governments, assistance from provincial and district/city governments, as well as grants from third parties. Minister of Home Affairs Regulation Number 20 of 2018 states that the village income and expenditure budget consists of Village Revenue, Village Expenditures and Village Financing. Village Income consists of Village Original Income (PAD), transfers, and other income, with PAD consisting of business results, asset returns, self-help, participation, mutual cooperation, and other village original income.

#### D. BUMDes

The legal basis underlying the establishment of BUMDes includes Law no. 6 of 2014 concerning villages, as well as PP no. 43 of 2014 concerning Implementing Regulations of Law no. 6 of 2014 concerning villages. Meanwhile, the purpose of establishing BUMDes is as a village business intended to accommodate all increases in village income, both those that develop according to customs and economic activities that are handed over to be managed by the community from government and regional government project programs. Meanwhile, the aim of establishing BUMDes is as an effort to increase local and rural original income by increasing community capacity in planning and managing village economic development. Apart from that, the establishment of BUMDes has the target of serving village communities in developing productive economic businesses and providing various business media to reduce and improve community welfare [11].

According to Article 1 Number (6) of Law Number 6 of 2014, Village-Owned Enterprises, hereinafter referred to as BUMDes, are business entities whose capital is wholly or largely 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. Meanwhile, according to Minister of Home Affairs Regulation Number 39 of 2004, BUMDes are village businesses formed or founded by the village government whose capital ownership and management are carried out by the village government and the community. BUMDes according to Law Number 23 of 2014 concerning Regional Government, was established, among other things, in order to increase Village Original Income, hereinafter referred to as PADes. If PADes can be obtained from BUMDes, then this condition will encourage every village

government to establish this business entity. As one of the economic institutions operating in rural areas, BUMDes must be different from other economic institutions. This is because the existence and performance of BUMDes can make a significant contribution to improving community welfare and can alleviate poverty at the village level.

### III. RESEARCH METHOD

#### A. Type of Research

In this research, a qualitative approach or field research (field research), considering that this research approach is open. The researcher used a descriptive qualitative approach which has the character of looking for a case in depth [12]. The qualitative approach used by researchers in conducting this research was to find out more about the role of Village-Owned Enterprises (BUMDes) in increasing Village Original Income (PADes) in Pematang Serai, as well as to find out more about the management of these Village-Owned Enterprises.

#### B. Research Subjects and Objects

In qualitative research, samples are known as informants or participants who provide input on a case. The term sample is also known as subject and object which aims to produce an overview of a research case. Subjects, objects and informants will be determined according to the research objectives using purposive sampling techniques [12].

1. The subjects of this research are the Village/Pematang Serai Head, the Head of the Village Consultative Body (BPD), and the Head of Management as institutions that have responsibility for the implementation of Village-Owned Enterprises in Pematang Serai.
2. The object of this research is the role of Village-Owned Enterprises (BUMDes) in Pematang Serai in increasing Village Original Income (PADes).

In addition, researchers will look for as deep data as possible in accordance with the development of Village-Owned Enterprises (BUMDes) in Pematang Serai, namely; the community as people who experience directly the management of BUMDes. Thus the researcher was able to describe what was studied accurately and look for solutions for improvement in the management of Village-Owned Enterprises in Pematang Serai, so the researcher determined the informants (sample) here (Village Head/Pematang Serai, Chairman of the Village Consultative Body, Chairman of BUMDes Management, and community) in obtaining more in-depth data and avoiding overlapping information. The data collection process is sampling purpose, sampling purpose is a process of collecting data through interviews with sources who know the problem in depth and in accurate detail.

Table 3. 1 List of Sources

No.	Source person	Amount
1.	Village head	1
2.	Chairman of the Village Consultative Body	1
3.	Chairman of BUMDes Management	1

4.	Public	3
<b>Total</b>		<b>6</b>

#### C. Research Data Source

The data source is the subject of the research, the researcher collects data sources in the form of primary data and secondary data in the form of text or words, sentences and the rest is additional data such as documents and so on. The research data was obtained by researchers through two sources, namely [13]:

1. Primary data is data obtained directly from informants or respondents. In this research, primary data is interviews with the Village Head/Pematang Serai, Chair of the Village Consultative Body, Chair of BUMDes Management, and the community. The interview technique is carried out by conducting direct questions and answers to obtain data regarding the research.
2. Secondary data is data that has been collected by a person or agency outside the actual researcher and is also original data. In this research, secondary data is a complement obtained from various books, articles and the internet related to the role of Village-Owned Enterprises in improving PADes in Pematang Serai.

#### D. Data Collection Techniques

Data collection techniques are a technique or method used to collect data in research. In qualitative research, the main data collection tool is the researcher himself and is not represented and during the research, data recording techniques are very important. The recording technique contains the results of observations, interviews using objective language, and the tools used by researchers in the form of books and other tools.

##### a) Interview

An interview is a form of communication or conversation between two or more people in order to obtain information. Researchers ask subjects or informants directly to obtain the desired information in order to achieve their goals and obtain data that will be used as research data [14]. In this stage the researcher also used a structured interview technique, where the researcher had prepared the interview questions first.

##### b) Documentation

Documentation is tracking and obtaining the required data through available data. Usually in the form of statistical data, activity agendas, decision products or historical policies and other things related to research [15]. At this stage the researcher attempts to find data from literature sources, the internet, and through documents that are related to the research and have relevance. Researchers will use it so they can complement the data obtained in the field. Documents are used to strengthen data obtained from interviews and observations. In addition, researchers will collect several images during the data collection process, hoping that with this technique researchers will obtain accurate data.

#### E. Data Analysis Techniques

Characteristics of qualitative research in the form of case studies, data analysis is carried out throughout the research process. The data that has been collected is clarified and

conclusions are drawn. Data analysis is based on simplification and interpretation of data that has been carried out previously during this research. According to Silalahi (2009), the analysis process is sequential, namely reduction, display, and conclusion drawing/verification, as follows:

1. Data reduction/reduction, classification, process of abstracting selection, or transparency of data obtained in the field either through observation or interviews with base informants and key informants. Besides that, reduction as a form of analysis sharpens, classifies, directs, removes what is not necessary, and organizes data so that conclusions can be drawn and verified.
2. Data presentation/display, collecting information and data that provides the possibility of drawing conclusions and taking action.
3. Drawing conclusions/conclusion, the final analysis obtained is based on the results of data reduction and data presentation.

#### IV. RESULT AND DISCUSSION

##### A. Result

###### 1) Overview of Pematang Serai Village

Pematang Serai Village is one of the villages in Tanjung Pura subdistrict, Langkat Regency, North Sumatra province. The distance from Medan City to Pematang Serai Village is + 75 KM which can be reached in approximately 2 hours. Pematang Serai village was discovered by an employee of the sultan named Teungku Said Soelaiman in 1910 when he was sent by the Langkat sultanate to clear forest land for cultivation. It is called Pematang Serai Village because this 1 Ha land is covered with clumps of lemongrass. In Pematang Serai Village there are 7 hamlets directly adjacent to the river bank. The people in Pematang Serai Village earn their livelihood by fishermen, farmers, animal husbandry, fisheries, craftsmen, home industries and tourism. Pematang Serai Village is directly adjacent to several villages including Baja Kuning Village, Pulau Banyak Village, Teluk Bakung Village. Where Pematang Serai Village is one of the villages that has a tourist attraction called GEOL (Getek Online). Geographical Conditions Pematang Serai Village is one of 19 villages in the Tanjung Pura District area. Pematang Serai Village has an area of 749.60 hectares.

###### 2) Unit Type of BUMDes Pematang Serai

Villages have a lot of potential not only in terms of population, but also the availability of abundant natural resources. If these two potentials can be managed optimally, they will provide prosperity for the village population. However, it is realized that so far development at the village level still has many weaknesses. Weaknesses in development at the village level are caused, among other things, not only by the problem of poor quality human resources but also by financial problems. The government has made various efforts by disbursing various funds for village development programs, one of which is through Village-Owned Enterprises (BUMDes).

According to Minister of Home Affairs Regulation Number 39 of 2010, BUMDes is a village business formed/founded by the village government where capital ownership and management are carried out by the village government and the community. The aim of establishing

BUMDes is the government's effort to improve the financial capacity of village governments in administering government and increasing community income through various economic business activities in rural communities. The existence of BUMDes is also strengthened by Law Number 6 of 2014 which is discussed in CHAPTER The classification of BUMDes business unit types is as follows:

###### a) BUMDes Brokering

Before there were BUMDes, there were actually many villages that ran village businesses in the form of services or intermediary services such as electricity bill payment services, and also village markets. This is a simple business, it can even be a monopoly, with a clear captive market even though it only operates within the village itself. BUMDes Brokering is a BUMDes which is an intermediary institution that connects agricultural commodities with the market so that farmers do not have difficulty selling their products to the market or a BUMDes which sells services to residents and community businesses. Examples include electricity payment services, PAM, telephone and so on. Type of business Brokering This already exists in BUMDes Pematang Serai, such as providing training services for making handicrafts and counseling on dealing with rice pests to increase rice yields.

This handicraft making training aims to improve the skills of women, especially housewives, so that they can have skills that can be improved and can increase income to meet family needs. This training in making handicrafts is made from used glass-packaged drinks which can then be created into various types of crafts such as tissue containers, flower passes, drink containers and so on.

These handicraft products are sold at a price of Rp. 150,000/unit for tissue containers, Rp. 180,000/unit for flower passes and Rp. 230,000/unit for glass drinking containers containing 6 or half a dozen. The proceeds from sales of handicrafts for tissue containers can reach IDR 750,000/month, while for flower passes it can reach IDR 900,000/month and for drinking containers it can reach IDR 1,610,000/month. Mrs. Rosnah, as a member of the community who looks after BUMDes Pematang Serai, also explained that the income from this business unit could reach IDR 3,260,000 but it was not included in the net calculation because it had to be deducted from employee salaries, as she explained as follows:

"Routinely, monthly income from selling these handicrafts reaches around Rp. 3,100,000, but this amount does not include net profits for BUMDes because they still have to be allocated for paying employee salaries."

###### b) BUMDes Trading

BUMDes Trading is a BUMDes that runs a business by trading basic necessities and agricultural production facilities. This business unit is starting to grow in many villages. This is a simple business, on a local scale and within the village. In BUMDes Pematang Serai there is no such type of business yet and it has not been included in the planned program or type of business because from the results of the researcher's interview with the BUMDes administrator, he explained that:

"BUMDes Pematang Serai has not introduced or implemented trade because it is felt that there are already many business units that supply basic needs and agricultural production equipment. Most of the villagers are farmers, and they are interested in opening such a business, so BUMDes

decided not to introduce such a business. It is better to introduce businesses that do not yet exist in the village.”

From the results of his explanation, we can see that the BUMDes Pematang Serai does not run this trading business because there are already many business units that provide basic needs and agricultural production facilities, so the BUMDes Pematang Serai administrators prioritize developing existing business units or forming business units that are felt to be needed more by village communities but do not yet exist in the village, such as village markets.

#### *c) BUMDes Serving*

BUMDes Serving began to grow incrementally in many villages. Limited clean water and the inability of the majority of residents to access clean water has encouraged many villages to manage and serve clean water using BUMDes or PAMDes containers. Therefore, clean water management by BUMDes is a new way, a form of change in management from anonymous communities to villages. The presence of BUMDes creates authority and clean water management that is driven by the village.

In Pematang Serai Village, this type of BUMDes business, the Serving model, has not been implemented, and has not been included in the planned program or type of business, because from the results of the researcher's interview with the BUMDes administrator, he explained that:

"BUMDes Serving has not been initiated or implemented in BUMDes Pematang Serai, because we believe that the clean water supply in the village is still adequate. Therefore, we are focusing more attention on developing other business units.”

From the results of his explanation, we can see that the BUMDes Pematang Serai is not or has not yet run the Serving business. This is because the availability of clean water in Pematang Serai Village is still quite good, so the BUMDes Pematang Serai administrators are prioritizing the development of existing business units or forming units. efforts that are felt to be needed more by village communities.

#### *d) BUMDES Renting*

BUMDES Renting is a BUMDES that runs a rental business to serve the needs of the local community and at the same time to obtain village income. This has been going on for a long time in many villages, especially villages on the island of Java. Examples of types of rental businesses are: tractor rental, party equipment, meeting halls, houses, shops, land and mollen machine rental. In BUMDes Pematang Serai there is already a Renting business unit, and this BUMDes runs a rental business in the form of renting party equipment such as tarp tents, chairs and stages. Many residents of the village and neighboring villages rent tarp tents, chairs and stages at BUMDes Pematang Serai for weddings, thanksgivings, aqiqahan, circumcisions and so on. Tarp tents, chairs and stage are rented by BUMDes.

According to the explanation of one of the BUMDes administrators, namely the BUMDes secretary, this renting business contributes quite a large income to BUMDes, as he explained as follows:

"Last year, the Renting business was the largest contributor to income among other business units, with total income of around IDR 6,000,000-9,000,000 per month. "This is due to the high demand from the surrounding community

and neighboring villages to rent tents, chairs and stages at BUMDes Pematang Serai.”

From the explanation above, it can be seen that the rental of tarp tents, chairs and stages starts from 4-5 times a month, in one week you can only rent it once but sometimes it can also be rented twice a week.

#### *e) BUMDes Banking*

BUMDes Banking is a BUMDes that runs a money business, which meets the financial needs of village communities with interest that is lower than the interest on money that village communities get from village loan sharks or conventional banks. Examples of banking business types are: village banks or village credit institutions or village microfinance institutions, revolving fund business units or capital loans. Within BUMDes Pematang Serai there is a banking business unit, namely in terms of lending capital to the community. This is intended to make it easier for people to develop their businesses.

From the results of the researcher's interview with the head of the savings and loans unit, he explained that the capital lending business unit in BUMDes has only been running for one year, as explained as follows:

"The capital lending business unit at BUMDes Pematang Serai has only been operating for about a year, but has not yet managed to run well. "This is due to the limited capital owned by BUMDes and the perceived large risks.”

From this explanation, we can see that this capital lending business unit has been running at BUMDes Pematang Serai but this unit cannot be said to be running well, because there are still various obstacles, one of which is the limited capital owned by BUMDes and it is also felt that this business unit contains significant risks. large enough so that the BUMDes management focuses more on developing other business units. Mr. Yudi also added that as many as 5 capital loans have been provided this year by BUMDes to the people of Pematang Serai Village. This capital loan is intended for people who want to develop their business, as explained as follows:

"We have provided five capital loans to village residents, with the requirement that the borrower must have a business and meet the criteria set by BUMDes.”

From his statement, he added that the conditions that must be met for people who want to borrow capital from BUMDes are that they must have a business and also have collateral, such as a land certificate or motorbike BPKB which is submitted to BUMDes during the loan.

From the results of the explanation above, researchers can conclude that the business units in BUMDes Pematang Serai are quite complete, namely that there is BUMDes Banking, Brokering, or Renting. However, in BUMDes Pematang Serai there is no BUMDes Serving and trading from the business units in this BUMDes, the Renting business unit which contributes the largest income to BUMDes and business units. Brokering which is considered to be running well and has a lot of interest, especially women, while the Banking business unit is still experiencing development, because we know that the Banking business unit still has several obstacles, namely limited capital owned by BUMDes.

After the researcher explained the classification of business units in BUMDes based on theory, the researcher

also wanted to connect these business units to the welfare of the community in Pematang Serai Village.

## B. Discussion

### 1) The Role of Bumdes in Community Income in Pematang Serai Village

According to Todaro and Stephen Smith, community welfare shows a measure of the results of community development in achieving a better life which includes: First, increasing capacity and equal distribution of basic needs such as food, housing, health and protection; second, improvement in living standards, income levels, better education and third, expanding economic scale and the availability of social choices for individuals and nations. There are various indicators used to see the level of community welfare, including:

Income is the income earned by the community which comes from the income of the head of the household and the income of household members. This income is usually allocated for consumption, health, education and other material needs. Income indicators are classified into 3 items, namely:

- High (Rp.5,000,000)
- Medium (Rp. 1,000,000-Rp. 5,000,000)
- Low (dominated by rice and vegetable farmers)

Apart from farmers, the people of Pematang Serai Village have jobs, namely Civil Servants (PNS), breeders, craftsmen, traders, employees, midwives and so on. Many farmers also have side businesses/jobs. This is done to meet the food and subsistence needs of their families, but there are also people who only rely on their harvests to meet their living needs.

The following are the results of the researcher's interview with residents of Pematang Serai Village who did not join the BUMDes business unit, he explained that:

"As a farmer, my income from agriculture is enough to support the food needs of the four of us, namely me, my wife and our two children. Apart from that, we also receive financial assistance from our married children, who often send money to help us with our needs here."

Meanwhile, according to explanations from other village communities, it is as follows:

"My husband's job is as a farmer. I used to help my father in the fields, but since having my fourth child, I have been at home taking care of my children. My father's income from farming is not much, just enough for our daily needs."

From the results of interviews and observations of researchers with informants in Pematang Serai Village, most of the people's monthly income is around IDR 500,000- IDR 700,000, which is less than IDR 1,000,000, as we know, the majority of residents in Pematang Serai Village are as farmer. So there are still many people whose incomes are low.

However, there are also quite a few people who earn moderate monthly incomes, as explained by one village community who does not play an active role in BUMDes, who also explained that:

"I'm just a housewife, my husband works as a construction worker, although it's not excessive. Thank God, my husband's income is enough to meet our living needs."

Not only that, the researcher conducted interviews and observations with people who are members of the BUMDes business unit, namely capital lending, he explained that:

"My business is steam motors in front of my house. Previously, I lacked capital and decided to borrow capital from BUMDes. After I borrowed the capital, thank God, my income increased. Previously it was only a maximum of IDR 1,000,000, now I can get IDR 1,400.00 or even more."

From the results of the explanation above, researchers can conclude that BUMDes Pematang Serai does not have a deeper role in increasing people's income. We can see that there are still many people with low incomes, namely <Rp. 1,000,000. However, for people who borrow capital from BUMDes, their income increases from IDR 1,000,000 to IDR 1,400,000 or even more. This shows that there is inequality in society in terms of income. This means that even though the Village government has formed an economic institution to help improve the welfare of its community, this has not had a significant effect on the community's income, especially for people who do not participate in the BUMDes business unit.

People's income to meet living needs such as basic needs for clothing, shelter, food, education and health can be said to be sufficient. The income of the people of Pematang Serai village is sufficient to meet the daily needs of their families but has not yet reached the stage of setting aside money for saving or savings for low-income people.

### 2) Contribution of BUMDes in Consuming Village Community Expenditures

Household consumption patterns are an indicator of household/family welfare. Community expenditure is grouped into two groups, namely expenditure on food and non-food items. The proportion of food and non-food expenditure is also used as an indicator to determine the level of household welfare or food security.

The people of Pematang Serai Village are not always the same in meeting their consumption needs. For people with low incomes, of course they have a limited level of consumption pattern because their income must be divided into expenditure on food, while for people with moderate incomes, not all people have high levels of consumption patterns, some have low levels. Meanwhile, spending on education and health is also adjusted to the income capabilities of each community.

This is where the role of the BUMDes Pematang Serai real sector unit really helps the community, where the community, especially women, can increase their income to meet their daily needs, with training in making handicrafts held by BUMDes Pematang Serai. As stated by one village resident as follows:

"With the training in making handicrafts held by BUMDes Pematang Serai, thank God, I can have a side job apart from being a farmer to increase my income so that we can meet our daily needs."

Not only does it help in meeting daily needs, BUMDes Pematang Serai also provides education on dealing with rice pests to increase rice yields so that farmers can increase their rice yields. As one resident explained:

"Before this BUMDes existed, the harvests almost always failed because we didn't know how to deal with pests, but after holding agricultural counseling by the Pematang Serai BUMDes, thank God our rice and vegetable yields increased."

From the results of interviews with researchers with the community, it can be seen that BUMDes Pematang Serai plays a role in the needs of the community, especially farmer groups, to be able to increase their harvests every year. With this real sector business unit, the community can also have skills so they can increase their income to meet their daily needs.

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