

FACTORS AFFECTING FINANCIAL PERFORMANCE OF VILLAGE OWNED ENTERPRISES: A CASE STUDY IN THE DISTRICT OF ROCK SUMENEP

Syahril, Akhmad Faiz Alif Ghufron & Mohammad Herli

Faculty of Economics and Business,
University of Wiraraja
syahril49@yahoo.co.id
faiz.Hadi99@gmail.com
mohammadherli@wiraraja.ac.id

ABSTRACT

Village-owned enterprises (BUMDes) is a container for the villagers to manage the potential of the village so the village can become a self-sufficient village that does not necessarily rely on the town APB. The existence of village-owned enterprises could help the town regarding the industrial city. In realizing the necessary independent village-owned financial performance was the great village. The object of this study conducted in the town located in the District of Rock. The research aimed to know the constraints experienced by the village-owned enterprises and knowing that affect the financial performance of village-owned enterprises in the District of Batuan District Research Sumenep. A method used is qualitative with the phenomenological approach. Data collected by observation, interview, and documentation. The results of the study are contained in the District BUMDes rocks have obstacles, such as capital, the lack of information about local government, as well as the lack of honor given to employees BUMDes. Also, there are also constraints factors affecting financial performance BUMDes namely capital, responsibility, public education, beliefs, as well as the type of business. The findings of this study all aspects that need to work together in building BUMDes around the village of Sumenep. Previous research on the financial performance BUMDes not associate with factors BUMDes but with the financial statements.

Keywords: *Factors, Performance, Finance, Agency, Business, Belonging, village.*

1. PRELIMINARY

"The Indonesian population tends to live in a residential area of the village so the village can give an important role in national development efforts. Development is an improvement effort around the welfare of the community, the nation, and the state to achieve national objectives stated in the Preamble of the 1945 Constitution gives it considerable influence in efforts to create national stability "(Sa'dullah, 2016).

Villages are seen as far behind the city regarding the economy, welfare, education, and other facilities. The government has carried out many programs to encourage the acceleration of rural development, but the results have not been significant in improving the welfare of rural communities. One of the factors causing the failure of rural development is the large amount of government interference that has an impact on rural communities' creativity and innovation in village management and economy.

Since issued Law - Law No. 6 of 2014 which, in Article 87 paragraph (1) which states "The village can establish village-owned enterprises" Government aggressively to build BUMDes. BUMDes as an economic institution that aims to improve the economy of rural communities in the form of increased revenue, reduction of unemployment and poverty.

BUMDes intended as a form of business in the village and managed by the community and village governments in developing country assets so that it can provide services to the public which can improve rural economies.

The establishment and management of BUMDes is a form of village economic management carried out in a spirit of kinship and cooperation. Therefore, for BUMDes to run as it should, delicate handling is needed to make the governance of the business entity run independently, efficiently, effectively and professionally.

So in implementing BUMDes, the community must see the potential contained in the village. It has become the task of the village government to be able to socialize and carry out village meetings so that it can produce community aspirations for these BUMDes.mm

In its management, BUMDes must be carried out by a professional and competent person and fulfill good business governance, namely, accountability, participation, transparency, and fairness. For this reason, cooperative, participatory and emancipatory principles for managing BUMDes must always be held. With the fulfillment of Human Resources in managing BUMDes, BUMDes will run successfully and can prosper the communities around BUMDes.

The concrete manifestation of economic development was the creation of BUMDes in every village in four districts of Madura. Head of the Department of Community Development (DPMD) Sumenep said that of the 330 villages in the district Sumenep there are only 160 villages were already formed village-owned enterprises (BUMDes) the majority of which were built just administration because not running optimally (news Madura). This is illustrating that the government is still not ready Sumenep and rural communities that are in Sumenep in building and developing village-owned enterprises (BUMDes).

Guidelines for establishing and management of village-owned enterprises are regulated by local regulation (Perda) Sumenep No. 1 2016 Describes some indicators in improving the financial performance BUMDes among others, the factors of Finance, Human Resources Factor, Factor Geographic. But there are still many BUMDes located in Sumenep district that has the problem that led to the growth and development are hampered BUMDes.

In the execution BUMDes in Sumenep still experiencing problems that many financial issues, Human Resources, the lack of attention from the government. Economic issues that arise are

undercapitalized. Capital is one of the crucial things to finance its BUMDes can run well. In Sumenep regent regulation No. 1 2016 on guidelines for the procedure of formation and management of village-owned enterprises in article 17, paragraph 1 is an "initial capital came from APB BUMDes Village." It was also described in Ministerial Decree No. 4 of 2015 on section 17.

BUMDes located in Sumenep still rely on investment from the Village Fund, the impact on capital shortages experienced by BUMDes. And also there is no help from the private sector or the government. So if BUMDes still undercapitalized but progress has been the slow road, it becomes a problem that can not be resolved by the parties BUMDes and local government.

The next problem lies in Human Resources. This is a classic problem that is always in the natural micro-enterprises in Sumenep. BUMDes that runs in Sumenep many Human Resource shortages due to lack of public interest in participating in developing BUMDes and the lack of expertise in this BUMDes. As a result of the lack of interest of the community and experts, the development of the performance BUMDes develops slowly. Thus the need to socialize more about their BUMDes that people participate actively in improving the BUMDes unit.

Last problems are the lack of government attention to this BUMDes. The lack of government attention to this BUMDes BUMDes significant impact on performance. As well, there is no relief in BUMDes the lack of capital and the uneven dissemination to the public about the BUMDes establishment.

This is a problem that emotion can be quickly resolved so that progress BUMDes run well and not only formed shortly but BUMDes establishment will last a long time and have a positive impact on the surrounding community.

Based on the problems - the problems above, it can be concluded that the implementation of this BUMDes still finds many obstacles such as lack of capital, lack of human resources, as well as the lack of government attention to BUMDes. The researchers will research "factors - factors that affect the performance of BUMDes."

2. THEORETICAL REVIEW

Village-owned enterprises (BUMDes)

BUMDes is a business entity established to aim at improving the economy of rural communities and make the village as an independent country and not overly dependent on APB village.

BUMDes is an institution established by the village government and communities to manage these institutions based on the needs and the rural economy. (Edy Yusuf et al., 2016)

Village-owned enterprises is a business entity of all or most of its capital owned by the village through direct participation from the wealth of the town were separated from managing the assets, services, and other businesses for the welfare of the villagers. (Hery Kamaroesid, 2016).

According to Law No. 6 of 2014 About the village government even has a Special chapter is chapter 10 of Article 87 of the BUMDes which reads:

- (1) The village can establish village-owned enterprises
- (2) BUMDes can be managed with a spirit of brotherhood and cooperation
- (3) BUMDes can run the business in the field of economic and public service by the provisions of the legislation

It is also described in Sumenep Regency Regulation No. 1 of 2016 on article 2, paragraph 1.

BUMDes aim establishment to accommodate all the activities in the field of economy or public services managed by the village and cooperation among villages. In chapter 3 permendesa PDT No. 4 of 2015 BUMDes established with the aim of:

- a. Improve the economy of the town
- b. Optimizing asset to benefit for the village welfare
- c. Improving the business community in the economic management of the village
- d. Develop a plan of cooperation between rural businesses and third parties
- e. Creating opportunities and market networks that support public service needs of citizens
- f. Create jobs
- g. Improve social welfare through the improvement of public services, economic growth and distribution village
- h. Improving rural incomes and revenues villages

3. RESEARCH METHODS

This type of research is qualitative research with the phenomenological approach.

Informant used in this study BUMDes chairman, Mr. Edy Wahyudi BUMDes Patean as Chairman and Mr. Moh. Amar Sapti as Chairman BUMDes rocks that are considered competent in this study. While supporters informants are members of village-owned enterprises in the District of Rock is Trino Junaidi and beautiful Adina as Plt. Secretary BUMDes rocks. Source of data used is primary data in the form of qualitative form of documents and records of the answers to the interview with the informant.

Data collection techniques in this research, direct observation of the object Milik Desa Enterprises. And interviewed vital informants and informant support to obtain more in-depth data associated with the investigation. Documentation, such as when recording interviews, photos during the meeting, documents and other records on the answers to the informant.

Mechanical Analysis of the data in this research is using the proposed analytical technique Miles and Huberman. The collection of data, obtained by observation to spot Village Owned Enterprises located in Batuan District, informant interviews, and documentation. Data reduction, researchers collected data by selecting and compartmentalized basic things. Presentation of data, the data presentation, the author will present the data which has been given informant who had previously been classified in the process of data reduction, data obtained will be displayed so that the information is arranged so easy to understand.

Test the validity of the data used is triangulation source, where researchers will continue to look for the cause of around about constraints experienced by BUMDes and the factors that influence it, which is considered the most understand BUMDes tersebut.

4. RESULTS AND DISCUSSION

Constraints Contained in the Village-Owned Enterprises

A. Capital

Capital remains a significant problem in the continuity of village-owned enterprises. According to the Regional Regulation Sumenep No. 1 of 2016 states capital village-owned enterprises are from APBDesa, but in reality that capital from the Village Fund was still less so in practice, BUMDes can only be used for simple business just like the Savings and Loans Unit as well as any goods Crediting Unit. This is in line with the results of the interview with Mr. Edy Wahyudi, namely: mmm

"..... the beginning of this BUMDes formation problem faced is the lack of capital. Capital received every village is only 25 million, so it was not possible to make an effort apart Savings and Loans. "

This made the village-owned enterprises must still develop the business so that other businesses can be realized. BUMDes also have to seek additional funds that can be Grant, but there are still a lot of outsiders are less inclined to give Grant at the BUMDes due BUMDes prospects are less bright.

B. Lack of socialization Regional Government

Local Government is still lacking regarding socialization in organizing village-owned enterprises was evidenced by late notice from the Local Government so that the village is located in the District of Rock New running the village-owned enterprises in 2017 and there are still villages in this newly formed business entities Owned Desa. A case is in line with the results of interviews with Mr. Edy Wahyudi namely:

"..... because the information conveyed by the complete lack of local government for two years then it's his money sneaked in in the bank, and then in 2017 there was a notice that the money in the bank is not taken it will be forfeited and therefore I take "

Thus BUMDes in Sub rocks still in the pioneering stage case due notice from the Local Government of the village government.

C. Lack of honorarium for BUMDes employees

This salary problem still occurs a lot in the business of a BUMDes class. Some BUMDes give employees a salary that is not appropriate or lacking, and there are also BUMDes that do not provide wages to their employees because the money made for capital is so small that even the salary is insufficient. It was also said by the Chairman of the Batuan BUMDes that :

".....for our salary is difficult because there are still many borrowers who are late for loan payments made. So many employees resigned due to the problem. Therefore, I apply shifts for working days so that in a month I do not have full work every day."m

This can cause employees to resign from their positions if this problem continues and there is no action from the Village to find a solution so that the welfare of BUMDes employees can be guaranteed.

Factors That Influence the Financial Performance of Village-Owned Enterprises

A. Capital

Capital is the main thing in building a business such as BUMDes. The origin of BUMDes capital has been regulated in Regional Regulation No. 1 of 2016 chapter IV article 17 paragraph 1 and 3. With sufficient money, BUMDes can carry out activities such as opening a savings and loan service business and crediting goods and other companies. This is in line with the statement of the treasurer of BUMDes Patean Bapak, namely: m

"..... capital is indispensable for the sustainability BUMDes. With the capital plan designed to BUMDes be realized so that BUMDes already established can run even pioneering new "

Hence the need for sufficient capital to survival BUMDes to not just stand there, if BUMDes were already running correctly and people around the BUMDes can feel the impact could also help the village itself to be a village self that has no reliance on Village Fund to meet the needs of the town.

B. Responsible

Factors responsibility BUMDes effect on financial performance because if not their responsibility, where BUMDes will not last long. Therefore every employee who does not have a sense of responsibility for what he did the job he will be a mess, and it will also impact the village-owned enterprises.

Facts on the field say some employees were in the village-owned enterprises which have responsibility for his work in the surrounding communities BUMDes to prosper even without the need in the salary dime. Similarly, the statement uttered by Mr. Chairman BUMDes Patent, namely:

".....we are here working with a sense of responsibility for the welfare of this village community, so from now on we work with sincerity for no penny."

Thus a sense of responsibility needs to be instilled in every employee even without salary in the welfare of the village community.

HR development Education

The HR Development

C. Education

Factor needs to be improved because there are still many people who do not understand the importance of BUMDes with a lack of community-level knowledge of the functions and benefits of Village Owned Enterprises, so only a part of them are active in the BUMDes. This is in line with what the Chairman said BUMDes Patean that:

"..... it is here many people are not yet aware of the usefulness and benefits of BUMDes it. It needs more socialization so that people understand the uses and benefits of village-owned enterprises "

If the whole community can also play an active role in building advanced BUMDes so the village will even feel the impact of the presence of such BUMDes. Hence the need for outreach to the community in the form of educational knowledge of village-owned enterprises shall be done to prosper BUMDes people around the effort that has been developed.

D. Trust

The trust factor is an essential pillar in developing the BUMDes business so that people can continue to use the services or marketing managed by BUMDes the necessary public confidence in the BUMDes. It is also in line with what was presented by the chairman Mr. BUMDes rocks that:

"..... need socialization so that people can help contribute to the sustainability of this BUMDes own".

BUMDes itself will run well when got the trust of the local community. Facts on the ground said that BUMDes in the Regional District of rocks that have a lot of people around who use services that are managed by the BUMDes although just a savings and loan installment due in this BUMDes not so expensive, so it raises more confidence against the BUMDes.

E. Jenis Usaha

The factor of business type is essential for the new BUMDes business that is pioneering because, with the many types of the companies that are pioneered, there are also many revenues that will be received by BUMDes. But the fact in the field states that BUMDes in Batuan Subdistrict still lacks in business type because of the lack of capital provided by the Government to BUMDes. That caused the kind of business developed by BUMDes to only be a savings and loan unit and a crediting unit of goods. This was also said by the Chairman of the BUMDes Batuan that:

".....for many business plans, but for now the possible business is savings and loans because we lack capital in running a business on this BUMDes."

Hence the need for an adequate cash injection that kind of effort developed by the BUMDes can be varied so that the parties can BUMDes getting more income as well. And also when the BUMDes earn a high salary, it could be a cash infusion into the village which can be used for community purposes.

5. CONCLUSION

Based on the results of research and analysis conducted by the authors, the authors concluded as follows:

BUMDes present in the district through the Regional Regulation No. 1 2016 in which each village in Sumenep required to establish village-owned enterprises. Village-owned enterprises are one of the breakthroughs by local governments to make Sumenep Regency Village in Sumenep become an independent village but with the formation of BUMDes village experienced many obstacles.

The problem faced by the village-owned enterprises in the form of lack of capital, lack of socialization by the Regional Government, as well as the lack of honor that is given to the employee BUMDes. Such constraints occur because of the lack of preparation of the local authorities and village governments to organize village-owned enterprises.

In addition to the natural obstacle in the researchers also concluded that there are several factors which these factors may affect the financial performance of village-owned enterprises. These factors include capital, Responsibility, Public Education, Faith, And Type of Business. These factors can be applied to the new village-owned enterprises run the village. To develop BUMDes to minimize the obstacles that may occur on BUMDes.

6. SUGGESTION

From the results of research and analysis and discussions that have been concluded above, the author has the following recommendations:

1. For Local Governments

Researchers suggested for local government to be more active in the dissemination of the BUMDes in the village - the village who have not yet established the village-owned enterprises so that each country can develop and run BUMDes.

2. For the Village Government

Researchers suggest to the village government to be more active regarding organizing BUMDes so that ordinary BUMDes formed and able to walk. If BUMDes goes well, then the public can BUMDes, and benefit of the village can also receive the benefits of BUMDes form of additional cash.

3. For further Researcher

Researchers suggest the next researcher conduct research studies with the object should do even more to be able to know what are the constraints and can find new factors that affect the financial performance of village-owned enterprises.

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