The Contribution of Village Owned Enterprise (BUMDes) on Local Revenue in Tapelan Village, Bojonegoro Regency

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ABSTRACT
This study aims to analyze the financial condition of Maju Makmur Village-Owned Enterprises (BUMDes) in Tapelan Village, Bojonegoro Regency, as well as their impact on Local Original Income (PAD) in the village in 2022. A narrative approach was used in this study by collecting data through interviews with BUMDes management and related stakeholders, as well as analysis of BUMDes financial statement documents for the last three years. The results showed some significant findings. First, constraints in the form of limited capital affect the ability of Maju Makmur BUMDes to develop its business and achieve sustainable growth. Second, suboptimal managerial skills among BUMDes managers affect operational effectiveness and overall business management. Third, more access to the market is needed to expand product reach and increase the marketing of BUMDes.

Keywords: BUMDes, Local Revenue

1. INTRODUCTION
Maju Makmur Village Owned Enterprise (BUMDes), located in Tapelan Village, Ngraho District, Bojonegoro Regency, is a business entity that was founded in 2017. Formed with initial capital from Village Fund Allocation (ADD), Maju Makmur BUMDes initially focused on savings and loan services. In December 2019, a new business unit, namely rice field irrigation, was added thanks to financial assistance from the district government. This addition is intended to increase agricultural productivity in the village, where most of the population are farmers.

However, after running for two years, the contribution of the irrigation business unit has remained relatively high on the local revenue (PAD) of Tapelan Village. Factors such as the need for more awareness of farmers to pay fees for irrigation of rice fields, low water quality, and the lack of maintenance of irrigation facilities for rice fields are several reasons behind this condition.

This study intends to analyze the financial statements of the Maju Makmur BUMDes and their effect on the ability to increase PAD in Tapelan Village. BUMD's financial reports describe business performance in a certain period and must be prepared under applicable accounting standards (Village Ministerial Regulation No. 4 of 2015). This analysis is vital to identify how BUMD's financial reports can contribute to PAD, which is the primary source of funding for regional development and shows regional independence and autonomy.

Several aspects that need to be considered in this analysis include the financial performance of BUMDes, the contribution of BUMDes to PAD, and the socio-economic impact of BUMDes on village communities. In addition, this research will also try to show how BUMDes financial reports can provide (1) information about the employment of local workers, (2) empower rural communities, (3) improve the quality of life of rural communities, and (4) village community participation in decision-making and supervision of BUMDes businesses.
Based on preliminary observations, the main problem faced by BUMDes Maju Makmur in preparing and reporting its financial statements is the lack of human resources who have competence in accounting and finance, as well as the lack of understanding and awareness of BUMDes managers regarding the importance of accurate, transparent and accountable financial reports. In addition, clear standards and guidelines regarding preparing and reporting BUMD's financial reports also need to be improved.

2. LITERATURE REVIEW

Bumdes management is defined as the process of planning, organizing, directing, and supervising human, financial, and physical resources by Bumdes to achieve the goals set effectively and efficiently (Maryunani, 2008). According to Permendes No. 04 of 2015, BUMDes management aims to improve rural communities' welfare by empowering local economic potential, optimizing village assets, creating jobs, and increasing the village's original income.

BUMDesa's financial reports include the financial position, performance, and cash flow within a certain period. The preparation of these financial statements, including income statements, balance sheets, and cash flow statements, is regulated in Article 73 of Law No. 6 of 2014 (Nasution, 2019, pp. 25-28).

Regional Own Revenue (PAD) is generated from various sources, such as regional taxes, regional levies, results of separated regional wealth management, as well as results from participation in regionally owned enterprises (BUMD) and village-owned enterprises (BUMDesa) (Mardiasmo, 2019, p. 117). According to Kusnadi (2021, p. 2), BUMDesa can increase PAD through business activities. However, not many BUMDes can optimize village potential and improve the welfare of village communities through business development.

The right strategy is needed to improve the financial performance and ability of BUMDesa to increase PAD. Nasution (2019, pp. 26-28) and Kusnadi (2021, p. 4) suggest several strategies, including improving the quality of financial reports, improving the quality of financial management, developing businesses that have the potential to increase PAD, and increasing community participation in BUMDesa development. Based on the explanation above, the questions to be answered in this study are:

RQ1: What is BUMDes Maju Makmur's financial condition based on report analysis Finance?

RQ2: Does BUMDes Maju Makmur's business activity significantly affect the ability to increase local revenue (PAD) in Tapelan Village?

RQ3: What are the BUMDes development strategies that can be proposed to improve the financial performance of Maju Makmur BUMDesa and their contribution to increasing Regional Original Income (PAD) in Tapelan village?

3. RESEARCH METHOD

The type of research conducted in this research is descriptive qualitative. This research uses a qualitative approach to understand the financial condition of the Maju Makmur BUMDesa and its influence on the ability to increase local revenue (PAD) in Tapelan Village, Ngraho District, Bojonegoro Regency.

3.1. Data Collection Techniques

Data collection techniques in this study were carried out through interviews and document analysis.
analysis. Interviews were conducted with the management of the Maju Makmur BUMDesa and related stakeholders, including the village government and the local community. For document analysis, this research relies on the financial reports of BUMDesa Maju Makmur for the last three years. This technique was chosen to understand the BUMDesa financial condition and its effect on increasing local revenue (Creswell, 2014; Sugiyono, 2017).

3.2. Operational Definitions of Variables

This study uses a qualitative approach and does not focus on variables that can be measured quantitatively. However, the focus of this research is an in-depth understanding of the financial condition of BUMDesa and its effect on increasing local revenue. Therefore, the variables operationalized in this study are the financial condition of BUMDesa and the Local Revenue. BUMDesa's financial condition is measured based on financial reports. In contrast, the increase in Local Revenue is measured based on BUMDesa's contribution to PAD in Tapelan Village, Ngraho District, Bojonegoro Regency (Patton, 2015; Moleong, 2013).

3.3. Sample Collection Techniques

The sample in this study consisted of the management of the Maju Makmur BUMDesa and related stakeholders, including the village government and the local community. Researchers used a purposive sampling technique, selecting subjects based on research objectives and needs. The sample was selected based on their knowledge and experience regarding the financial condition of BUMDesa and its contribution to Local Revenue (Sugiyono, 2017).

The Head of Tapelan Village was the key informant in this research because, without his permission, this research could not have been carried out. Besides being the village head of Tapelan village, he also served as an advisor at BUMDesa Maju Makmur.

In addition to the Tapelan village head, the researchers also took the village treasurer as a sample because, as a village treasurer, they must know the contribution made by the BUMDesa to the village government. In addition, the researchers also involved the BUMDesa treasurer as a sample because the BUMDesa treasurer certainly knows the BUMDesa's financial situation.

The researcher also made the planners, the head of the BPD, and the head of RT 03 in Tapelan village, Ngraho sub-district, samples in this study because they were supervisors of BUMDesa Maju Makmur.

3.4. Data Analysis Techniques

Data analysis in this study was carried out through qualitative analysis and financial ratio analysis. Qualitative analysis was carried out using data reduction techniques, data display, and data verification. Financial ratio analysis is carried out by analyzing BUMDesa financial reports, including liquidity, solvency, profitability, and efficiency. Data validity in this study is guaranteed through data source triangulation, method triangulation, and member checks (Miles et al., 2014; Sugiyono, 2017).

4. RESULTS AND DISCUSSIONS

An in-depth analysis of the financial statements of BUMDesa Maju Makmur over the past five years, based on Sugiyono's (2016) concept of financial statement analysis, which includes comparative analysis, trend analysis, and ratio analysis, shows various vital findings. BUMDesa Maju Makmur was initiated based on Law No. 6 of 2014 concerning Villages (Aji & Nugroho, 2015), fully operational starting in 2018 with an initial capital of 35 million Rupiah and focusing on savings and loan business units. In the following year, this entity received an injection of capital from the district government, a step recognized by Astuti and Hadianto (2018) as a determining factor for the success of BUMDes.

In 2020, BUMDesa Maju Makmur experienced operational constraints due to the COVID-19 pandemic, in line with the theory of Nicola et al. (2020), which shows the impact of the pandemic on various sectors, including the local economic sector. The operations of BUMDesa Maju Makmur will only return to normal in 2022.
Irianto (2015) notes that education and training are key in BUMDesa management, including in preparing financial reports, a challenge BUMDesa faces. On the other hand, BUMDesa Maju Makmur operates several profitable business units, such as savings and loan units, that provide loans to small traders at lower interest rates than cooperatives (Wuryaningrum, 2016) and trading and irrigation business units. This business diversification, according to Alamsyah (2018), is the key to the success of BUMDesa.

In the context of financial ratio analysis, Gibson (2001) argues that financial ratios are important because they summarize complex financial data into an easy-to-understand measure. For BUMDesa Maju Makmur, financial ratios provide an overview of their performance and financial condition. For example, the profitability ratio of their savings and loan unit is 12.5%, indicating the unit’s operational efficiency in generating profits. However, the existing data still needs to be more comprehensive to calculate the liquidity and solvency ratios of BUMDesa Maju Makmur.

Annual financial performance analysis can help understand how BUMDesa adapts to changing economic conditions and the business environment (Brigham & Houston, 2009). For example, in 2019, BUMDesa expanded its operations and established other business units thanks to capital assistance from the district government. However, in 2020, the COVID-19 pandemic caused a drastic decline in their financial performance. In 2022, BUMDesa will recover and focus again on growth and expansion.

Furthermore, internal factors such as human resource management, organizational policies, asset management, and internal control affect the performance of BUMDesa Maju Makmur’s financial reports (Maseko & Manyani, 2011; Arens et al., 2012). For example, the quality and skills of human resources, policies regarding loan disbursement and collection of loan instalments, and effective asset management and internal control systems can influence the quality of financial management and reporting. Overall, BUMDesa Maju Makmur has the potential to increase its contribution to the PAD of Tapelan Village. However, several challenges must be overcome, including increased training and capital.

Village-owned enterprises (BUMDesa) and local revenue (PAD) are interrelated financial statements. Remember that BUMDesa aims to strengthen the local economy and improve the community’s welfare. Meanwhile, PAD is regional income that comes from the resources or potential of the area itself, which are determined by law to be used in regional development.

BUMDesa Maju Makmur directly contributes to PAD through various mechanisms. As an illustration, if BUMDesa manages a profitable business, some profits will contribute to PAD. In addition, taxes and fees from BUMDesa business operations will also increase PAD.

BUMDesa Maju Makmur can also make an indirect contribution to PAD. For example, by providing loans to small traders and farmers, BUMDesa can help them expand their business, increasing PAD through taxes and fees. In addition, BUMDesa can also help create jobs, which will increase people’s income and, in turn, increase PAD.

Excellent and stable performance from BUMDesa can help stabilize PAD. For example, if BUMDesa manages its business well and generates stable profits, this will provide a stable source of income for PAD. Therefore, BUMDesa financial reports that reflect good financial performance will show that BUMDesa can positively contribute to PAD directly and indirectly and help PAD stability.

Likewise, the financial reports of BUMDesa Maju Makmur have a direct relationship with PAD. A healthy financial report shows that the business directly contributed to increasing PAD. Thus, BUMDesa needs to continue developing and improving its financial management to contribute to PAD growth.

Further analysis of the relationship between the financial statements of BUMDesa Maju Makmur and PAD can include checking the correlation and causality between the various variables in it. Correlation refers to the statistical relationship between two variables. In this case, the relevant variables could include net profit, turnover, assets, and equity in
BUMDesa's financial statements and PAD as an indicator of local government outcomes.

Interviews with stakeholders such as village heads and BUMDesa treasurers show a positive correlation between BUMDesa profits and PAD. However, correlation is not the same as causality. Even though two variables may move together, this does not mean that one variable causes a change in the other.

In this case, variables such as the quality of financial management and human resources within BUMDesa can have a causal impact on profits and PAD. For example, it is known that a lack of training in financial management has been a barrier to optimizing BUMDesa's potential. Therefore, financial and HR management improvements can have a causal effect on increasing profits and contribution to PAD.

In addition, external changes such as the impact of COVID-19 also have a causal effect on BUMDesa and PAD performance. BUMDesa Maju Makmur has experienced a decline in business activity during the pandemic, which has hurt their profits and contribution to PAD.

To understand the influence of the Maju Makmur BUMDesa financial statements on Tapelan Village Original Revenue (PAD), we need to understand the definitions of these two entities. BUMDesa's financial reports provide information about the financial condition and operational performance of BUMDesa, including revenues, expenses, assets, and liabilities. On the other hand, PAD is the primary source of local government revenue and consists of regional taxes, regional levies, separated regional wealth management, and other regionally generated revenues (Prasetyo & Irianto, 2006).

BUMDesa Maju Makmur has several business units, such as a Savings and Loans Unit, a Trading Business Unit, and a Paddy Field Irrigation Unit. Each of these units has its income and contributes to the total revenue of BUMDesa. For example, Eni Kumala Sari, manager of the Savings and Loan Unit, reports a net profit of 625,000 monthly from the unit. Although the amount may seem small, this contribution impacts PAD through the taxes and fees BUMDesa pays local governments.

An interview with Bambang Edi Sudarto, the Head of Tapelan Village, shows that the performance of BUMDesa greatly influences the PAD of Tapelan Village. He believes BUMDesa is vital in generating PAD through various business activities. In this case, BUMDesa's financial performance, reflected in its financial reports, directly impacts PAD.

This impact becomes even more evident when we look at the effects of the COVID-19 pandemic. Jusriati, Treasurer of BUMDesa, explained that the pandemic forced BUMDesa to limit its operations, which impacted its income and profits. As a result, BUMDesa's contribution to PAD has decreased. However, this also shows that improving BUMDesa's financial performance can positively impact PAD. Therefore, sound financial management and initiatives to strengthen BUMDesa are essential, as stated by Bambang Edi Sudarto. By increasing HR capacity and assistance in financial management, BUMDesa is expected to recover post-pandemic and even exceed previous achievements, thereby increasing its contribution to PAD.

Thus, based on data and interviews with various related parties, it can be concluded that the financial reports of BUMDesa Maju Makmur have a significant influence on the PAD of Tapelan Village. BUMDesa's financial performance plays an essential role in the survival and success of the BUMDesa itself and the welfare of the people of Tapelan Village. The descriptive analysis method was used in this study to understand the relationship between BUMDesa financial reports and PAD. The BUMDesa Maju Makmur financial report data, was provided by Jusriati, Treasurer of BUMDesa, while Bambang Edi Sudarto, Head of Tapelan Village, provided Tapelan Village PAD data.

The analysis results show a significant positive relationship between the variables in the BUMDesa financial statements and Regional Original Income (PAD) in Tapelan Village. An increase in BUMDesa's financial performance could increase PAD. This finding is supported by interviews with BUMDesa stakeholders, such as Jusriati and Dwi Retno Pujayanti, who stated that BUMDesa has started to recover and is showing an increase in
income, mainly from business units such as savings and loan, trading business, and rice field irrigation. This finding is also in line with previous research, which showed a positive relationship between the financial performance of BUMDesa and PAD.

However, keep in mind that the results of this analysis only show a causal relationship between these variables and do not mean that an increase in BUMDesa's financial performance will automatically increase PAD. Many other factors still affect PAD, such as government policies, macroeconomic conditions, et cetera.

5. CONCLUSIONS

In the last five years, BUMDesa Maju Makmur has experienced an increase in performance, although there is still room for further improvement. BUMDesa's financial report performance is influenced by internal and external factors. Internal factors include business capital, quality of human resources, and business innovation. Meanwhile, external factors influence government support and macroeconomic conditions, including the impact of the COVID-19 pandemic, which stopped BUMDesa operations in 2020.

Furthermore, the BUMDesa financial reports significantly influence the PAD of Tapelan Village, Ngraho District, Bojonegoro Regency. Even though BUMDesa's contribution to PAD is still relatively small, with the right strategy, BUMDesa can potentially increase its contribution to PAD. These strategies include improving the quality of human resources through training, increasing business capital, innovation, and business development, as well as intensive outreach to the community.

The dream for BUMDes Maju Makmur Desa Tapelan is developed and prosperous, bringing several important implications that can be identified with improving the village economy. BUMDes Forward Prosperous Tapelan Village, which is advanced and prosperous, will improve the village economy. With the success of BUMDes Maju Makmur Tapelan Village in developing businesses and creating jobs, the income of rural communities can increase. It will help reduce poverty levels, increase purchasing power, and improve the welfare of rural communities—local Resource Development. BUMDes Maju Makmur, The advanced and prosperous Tapelan Village, will encourage the development of local resources. BUMDes Maju Makmur Tapelan Village can take advantage of natural potential, expertise, and local uniqueness in developing unique products and services. Thus, BUMDes Maju Makmur Tapelan Village can become the main driver in optimizing the use of local resources and increasing added value at the village level.

In conducting this research, there are limitations where research requires resources such as time, funds, and research staff. These limitations may limit the amount of data that can be collected, the methods that can be used, or the scope of the research. Not all of the required data is publicly available or easily accessible. Sometimes, relevant data may be limited or difficult to reach, especially if it involves BUMDes Maju Makmur Tapelan Maju Makmur Village Tapelan Maju Makmur Village Tapelan Village in remote areas or with limited accessibility. Available data may only be complete, accurate, or current. It can affect the validity and reliability of research and the interpretation of research results. Research often has a limited timeframe, primarily if it is conducted within a specific academic context or project. This time limitation can affect the level of depth of analysis and further research that can be done.

Continuous training and education are needed to improve BUMDesa managers' ability...
to manage the business effectively. It is also recommended to develop a strategic and directed plan because a strategic plan will become a guide for directing BUMDesa activities in a more organized and focused direction.

REFERENCES


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