

# The Role of BUMDes in Rural Tourism in Indonesia

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## ABSTRACT

BUMDes is an institution engaged in social and economic affairs and as a service provider to the village community, mainly concerning business. Village tourism in Malang regency managed by BUMDes has the potential to realize village independence. BUMDes can encourage village independence by generating their village income. In practice, many BUMDes cannot apply cooperative, participatory, transparency, emancipative, accountable, and sustainable principles. Therefore, efforts need to be made to maximize social capital, human capital, and financial capital.

**Keywords:** *BUMDes, Village-owned Enterprises, Rural Tourism*

## 1. INTRODUCTION

The village is the smallest unit of the country closest to the community, even directly related to the welfare needs of the community. The village is a unitary legal community with territorial boundaries, given the authority to take care and take care of government affairs based on the interests of indigenous peoples, indigenous rights, and traditions recognized based on community initiatives. As a representative of the state, the village must carry out material development and human resource development to improve the quality of life and life to maximize the welfare of the villagers.[1]

In the last five years, infrastructure development in many villages has been adequate. The result of the product can be the capital for the expansion of tourist attractions in the village. Through the construction of infrastructure and tourist attractions in the village, the Government hopes to become a new source of income for the surrounding community. Thus, the contribution of revenue and consumption of rural communities to future economic growth will be more precise.

One of the steps that can be taken is to encourage rural economic development through rural entrepreneurship, a strategy of development and welfare growth [2]. This rustic entrepreneurial spirit can be accommodated in Village Owned Enterprises (Badan Usaha Milik Desa/BUMDes) developed by the government and village communities [3]. BUMDes is a business entity whose capital is part or all of its capital belongs to them through direct participation derived from the village's wealth that is separated to manage assets, services, and

other businesses for the welfare of the village community.[4]

In 2020 the Government will provide additional village funds for the development of tourist sites in the village. The goal is to encourage BUMDes and tourist villages so that many jobs creation is expected. The orientation is also to overcome the shift of labor in the village because the people in the village began to be reluctant to become farmers.

The issuance of Law No. 6 of 2014 and PP No. 47 of 2015 requires independent and autonomous villages to manage their resources. BUMDes is expected to improve the village economy [3]. But the village has limitations in that the social capital of the village is greater than the economic capital. Social ties is the question of social capital. This social capital is parochial (limited) to be the shallowest social capital and cannot provide economic growth [7]. Based on this, it is necessary to review the role of BUMDes in improving the welfare of the village community.

Malang regency consists of 33 sub-districts, 12 subdistricts, and 378 villages. In 2017, the population was 2,464,369, with an area of 3,530.65 km<sup>2</sup> and 698 inhabitants/km<sup>2</sup> [5][6]. The recorded village has BUMDes of about 300 with submission in AD/ART, village rules, and other files. There are 378 BUMDes in Malang, meaning that there are 78 villages that do not have BUMDes until September 2020. [8]

Some villages in the Malang regency have the potential to become tourism-based village areas amounting to 106 villages. And of the many villages that have tourism villages that have added the original income

of the village (village income), including Ngadas Village, Gubuk Klakah Village, Wringinanom Village located in Poncokusumo subdistrict, Pujon Kidul Village, Pujon Subdistrict, Bakalan Krajan Village, Bantur Subdistrict, Mulyorejo Village, Ngantang Subdistrict, Tumpakrejo Village, Gedangan District, Pujiharjo Village, Ampelgading District, and Purwodadi Village, Tirtuyodo District [9]. Therefore, the villages are relied on as a buffer for people's lives, especially in tourism. Based on exposure, this study aims to study the role of BUMDes in the independence of the village and its problems.

## 2. METHOD

This article uses the literature study approach by observing and analyzing all information on research topics. Literature research is a type of research used in the collection of information and data in depth through various literature, books, notes, magazines, other references, as well as the results of previous research relevant, to get answers and theoretical foundations on the problem to be researched [8].

The main topic of research is to study the role of BUMDes in the independence of rural tourism and the problems faced by it. One of the steps that can be taken is to encourage rural economic development through rural entrepreneurship which is a strategy of development and welfare growth. This rural entrepreneurial spirit can be accommodated in Village Owned Enterprises (Badan Usaha Milik Desa/BUMDes) developed by the government and village communities.

Some of the steps that will be done in the article that puts forward the model of literature study are; First, researchers observe and analyze based on phenomena that occur related to research topics. Second, determine the focus of research based on information that has been studied and obtained from literature studies. Third, the source of the data collected is in the form of empirical information or data sourced from books, journals, research reports, and other literature that can provide the scope of new research. That way researchers will be able to help identify various variables related to the topic of research. Fourth, study various sources of literature to be able to get the most out of it so that it will find new ideas related to research topics. Lastly, analyze research records from various literature to then obtain a conclusion compiled in the form of a research report.

## 3. RESULT

The realization of an independent village requires resources derived from the village. Business units engaged in the village must have a distinct and competitive advantage to make a significant contribution to the improvement of the welfare of the village community. Based on resource-based view theory, the village must have rare, irreplaceable resources and not imitated [10]. Competitive advantage is determined by social capital, human capital, and financial capital. Social

capital is related to relationships between people in the organization (internal social capital) and between organizations with outside parties (external social capital) [11].

Social capital is a society that includes institutions, relationships, attitudes, and values, which guide human interaction and contributes to economic and social development. Social capital needs to share and regulate the value of roles expressed in personal relationships, shared beliefs, and responsibilities. Human capital is defined as knowledge and skills inherent in society. Human capital may be associated with high levels of dedication and dedication, motivation, and interpersonal relationships.

BUMDes is one of the solutions to the village's problems. BUMDes can be a cooperative, limited liability company or otherwise. BUMDes can also encourage village or village efforts. With social capital, human capital, and sufficient financial capital, BUMDes can move.

BUMDes is one of a business entity whose entire or most of its capital is owned by the village through direct participation derived from the village's wealth. That is separated to manage assets, services, and other businesses for the maximum welfare of the village community. Some stakeholders can influence the achievement of organizational goals. Or parties affected by the achievement of organizational goals. This study refers to who holds power and legitimacy, has a particular interest and role in the dynamics of the village, mastered knowledge and resources, and has an interest in village economic development.

BUMDes is original village business managed by the community and the village government to strengthen the village economy and formed based on the needs and potential of the village. The Village Owned Enterprises (BUMDes) should find on the needs and potential of the village to improve the community's welfare. Village Owned Enterprises (BUMDes) are built on community initiatives (initiations) and based on cooperative, participatory, transparency, emancipative, accountable, and sustainable principles with member-base and self-help mechanisms. Of all that, the most important thing is that management must be professional and independent.

BUMDes is improving the village economy, community efforts in managing the economic potential of the village. In addition, it also develops business cooperation plans between villages and third parties, creating opportunities and market networks. That supports the needs of public services of citizens, opens jobs, improves the welfare of the community through improving public services, growth and economic equality of the village, and increasing the income of the villagers and the native income of the village.

There are several things to note in the formation of BUMDes, namely: (1) identify what potential is most significant and productive in the village, (2) the availability of supporting facilities, facilities, and infrastructure, whether adequate or not, (3) existing resources, including human resources, (4) location, distance, and transportation, (5) target market, (6) sufficient funds for operational activities (7) sustainability of BUMDes, and (8) benefit to the villagers.

A tourism village is a form of integration between attractions, accommodation, and supporting facilities in a community life structure that blends with the prevailing ordinances and traditions. There are two main concepts in the tourism village component; namely, accommodation is part of the residence of the locals and or units that develop on the idea of residence of the accuser. And an attraction that is the daily life of the local population and the physical setting of the village location allows the integration of tourists as active participation such as dance courses, languages, and others specific [13].

The basic principles of tourism village development include developing tourism facilities on a small scale along with services within or close to the village. The result of facilities and services is owned and carried out by the villagers; one can work together or individuals who have. The development of tourist villages is based on one of the "traits" of traditional culture attached to the village or the "nature" of attractions close to nature with the development of the village as a service center for tourists visiting both attractions.

The Department of Tourism and Culture Malang regency, East Java, has determined 106 tourism-based village areas with three categories. There are 106 tourism villages, including Ngadas, Gubuk Klakah, Pujon, Krajan, Mulyorejo, Tumpakrejo, Wringinanom, Purwodadi, and each other tourist village offers different tourist destinations with their uniqueness. For independent villages, some criteria must be met: the village's uniqueness, a home stay, cultural customs, results, village products, cultural traditions, and local wisdom. Almost all villages in Malang regency have their tourism potential that will be socialized and promoted, ready to be offered nationally to internationally.

Most of the tourist villages in the Malang regency are managed by BUMDes. Some tourist villages managed by BUMDes are shown in Table 1. The correct management of BUMDes will benefit a lot from establishing BUMDes; the benefit is the increase in village income. The revenue generated by BUMDes for the Village is significant. With this income, the village will grow quickly without relying on local and central government funds. This way, the village can be independent of funding.

In addition to bringing direct benefits in the form of village income, BUMDes also provides benefits to all villagers, namely helping villagers innovate, create products, increase the potential of villages, create jobs, and increase productivity, which has an impact on improving the economy.

Table 1. Some BUMDes Village Tourism in Malang Regency

No	Village Tourism	BUMDes	Village, Subdistrict
1	Wisata Boopring	Kerto Raharjo	Sanankerto, Turen
2	Wisata Sumberjanji	Telogo Tirta	Undaan, Turen
3	Wisata Summersari Ngobalan	Salam Mulya Abadi	Kedung Salam, Donomulyo
4	Wisata Sumber Sira	Barokah	Putukrejo, Gondanglegi
5	Wisata Sumber Bantal	Jambangan Makmur	Jambangan, Dampit
6	Wisata Banyu Umbul	Anugerah Citra Sejahtera	Pamotan, Dampit
7	Wisata Lembah Dilem	Dilem Makmur	Dilem, Kepanjen
8	Wisata Patirtan Telagasari	Bumi Wangi	Ngijo, Karangploso
9	Wisata Tawangargo	Sumber Rejeki	Tawangargo, Karangploso
10	Ekowisata Karlos	Girimoyo Bersatu	Girimoyo, Karangploso
11	Wisata Kebun Jeruk	Asha Wiyakta	Wonoagung, Kasembon
12	Wisata Paralayang	Karya Luhur	Sidoluhur, Kromengan
13	Wisata Pantai Ngantep	Samudera Emas	Tumpakrejo, Gedangan
14	Wisata Pujon Kidul	Pujon Kidul	Pujon Kidul, Pujon
15	Wisata RTH Curungrejo	Curungrejo	Curungrejo, Kepanjen

There are several problems faced by most BUMDes, especially BUMDes that manage village tourism in Malang Regency, among others:

1. *Community Participation.* Awareness of the villagers themselves who do not realize the significance of BUMDes. So, the lack of participation of the village community and cooperation between them and village devices and BUMDes managers.
2. *Communication.* There has not been good communication between the village elite and the community about the various issues that should be communicated. It is no secret that most village heads

and village devices only open information on certain topics close to power. As a result, many BUMDes whose structures are filled by people near the village head or even his own family. This is also the case on other operational plains. So many villagers do not know the growing issue regarding BUMDes.

3. *Relationship between BUMDes and Village Government.* Decision-making in BUMDes using the mechanism of deliberation and meetings with stakeholders. However, the Village Government is more dominant in decision-making than the BUMDes manager.
4. *Managerial Ability.* The essential weaknesses of both BUMDES and the Village Government are in terms of administration. The financial recording has not used accounting standards (SAK ETAP - Financial Accounting Standards of Entities Without Public Accountability). The necessity to increase the capacity of managers in terms of marketing management, human resources, and strategy. Managers also need capacity building in terms of innovation development and professionalism. BUMDes managers are expected to be professional and have the capacity because so far, BUMDes managers are usually dominated by retired civil servants.
5. *Transparency and Accountability.* BUMDes already have a routine reporting mechanism every year. The report is written and given to stakeholders. The problem is that residents do not understand the report's content, do not read it, or do not know if there is an annual report. The transparency requested by citizens other than finance is the transparency of employee recruitment. The public is asking for transparency in the recruitment process. So far, the community around BUMDes feels that BUMDes are less transparent on the recruitment process and do not recruit residents as employees.
6. *Infrastructure.* Some infrastructure is still much needed for the development of BUMDes. The infrastructure required for roads to narrow and damaged tourism sites, lighting, kiosk arrangements, and water pumps to guarantee the water supply. So impressed the village government in the value of not caring about infrastructure needs.
7. *Financial.* Some BUMDes need investment funds to develop businesses. Some potentials and improvements need to be made, such as on-site greening and other on-site assets that are not well managed. [14]

Some solutions that can be done to make BUMDes a tool to achieve village independence are expected to provide competent human resources in managing village finances. In addition, transparency in village financial management is also indispensable for the community or

other organizations in the village to get information about village financial management and make the community have confidence there is a village apparatus [ 15][16].

By means of medium or large companies as adoptive fathers, whether it is District Owned Enterprises, Provincial Owned Enterprises, state-owned enterprises, or private companies engaged in the same field. It should be determined that BUMDes pre-mask raw materials or materials 1/2 to synergize for medium and large companies. I need a sound administration system as a supporter of BUMDes. Increase the performance of human resources BUMDes through training administration system, management, information computer technology, production, marketing, finance, and so on.

Stimulus funds as the initial operational driver of BUMDes, not for good get funding from the Government. BumDes that are good and successful are BUMDes that can be independent and obtain their funds. BUMDes can get capital without relying on Government funds, namely collaborate with medium and large companies as adoptive fathers, with the help of funds, partnership with state-owned enterprises, and private through corporate social responsibility (CSR) funds and loans from financial institutions.

### 3. CONCLUSION

BUMDes is a village business institution managed by the community and the village government to strengthen the village economy and formed based on the needs and potential of the village. BUMDes must have the advantage of competing and maximizing social capital, human capital, and financial capital. The process of maximizing each of these capitals is strongly influenced by the stakeholders who dominate the management of BUMDes. So that the BUMDes can encourage the independence of the village.

Tourist villages and tourist attractions in the village both are something different but often difficult to distinguish. Today, many villages claim to be tourist villages. But when viewed more deeply, it turns out that only in the form of tourist attractions located in the village without having the concept of development as a tourist village. Malang regency has 106 village tours mainly managed by BUMDes.

BUMDes principles are cooperative, participatory, transparent, emancipative, accountable, and sustainable with member-base and self-help mechanisms. Of all that, the most important thing is that management must be done professionally and independently. In practice, all these principles are difficult to apply. The need for leadership and commitment from the village head and BUMDes manager can drive the accelerated development of BUMDes. In the context of the

development of BUMDes management capacity to achieve village independence.

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