



# Cognitive Analysis of Village Potential Basic Integration in BUMDEs Managers in North Aceh District, Lhokseumawe City and Bireun District

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## Abstract

Currently, the government continues to strive to build and develop the rural economy through community empowerment programs to increase productivity, business diversity, and regional potential, as well as improve the economy and welfare of rural communities. One of the government's programs is to provide a budget for funds in the field of community empowerment, which will be used to support the capital for establishing Village-Owned Enterprises (BUMDEs). This follows the objectives of BUMDEs, namely optimising the management of village assets and existing village potentials to support the village economy and improve the welfare of rural communities. But unfortunately, until now, the role and function of BUMDEs have not been effective or felt by the community. This is due to the inability and lack of professionalism of BUMDEs' management human resources, and the lack of integration of businesses managed by BUMDEs with existing village potentials, so that it seems as if BUMDEs stands only as a formality without supporting the economic potential of the village community. This study aims to create a strategic concept in BUMDEs management so that it runs more effectively and on target to support the village economy through the development of human resource knowledge in BUMDEs management, integrated with the economic potential of the village community. So, BUMDEs and Basic Pontesial village are integrated into a business institution that supports the village economy for the welfare of the village community. This solution can help village communities strengthen their economy and provide a view of knowledge and open insights to BUMDEs managers so that they can develop BUMDEs into a business that synergises with the community. This study uses primary data from questionnaires and interviews aimed at BUMDEs management employees to see the extent of their abilities, expertise, and knowledge to evaluate and innovate in the business. In analysing the data, this study uses the Maslahah Scorecard measurement method, which refers explicitly to performance measurements oriented towards the welfare of the people (society). The output of this study is the publication of a reputable national journal and a reference book of research results certified by an ISBN with an initial TKT level of TKT 1. A Final TKT Target of TKT 3, namely this study, will focus on the Integration of Basic Village Potential in BUMDEs Managers in North Aceh Regency, Lhokseumawe City and Bireun Regency.

**Keywords:** BUMDEs, HR, Village, Welfare.

## 1. Introduction

Currently, village economic growth is considered to be slow compared to urban economic development due to its monotonous economic development. Therefore, the government strives to improve the welfare of village communities by utilising the State Revenue and Expenditure Budget (APBN) in village development, which is then referred to as village funds [1]. Where the use of village funds must be following the direction of the Regulation of the Minister of Villages, in the Development of Disadvantaged Regions, and Transmigration (PDRT) Number 16 of 2018 concerning Priority Use of Village Funds in 2019, article 10 paragraph 2i, provides an explanation of the use of village funds in the field of community empowerment used to support capital for the formation of Village-Owned Enterprises (BUMDEs) [2], [3].

The presence of BUMDEs is expected to make villages more independent and their communities more prosperous. BUMDEs functions as a driving force for the village economy. This business institution generates Village Original Income (PADes) to encourage the acceleration of improving the welfare of village communities. BUMDEs acts as an umbrella institution in protecting the village's potential and community business activities to be more effective and productive [4], [5]. The formation of BUMDEs has been carried out so firmly, and it is known that by 2017, more than 22,000 villages had BUMDEs, but BUMDEs that are actively operating are less than 20%. The



formation of BUMDEs in villages seems to be just a formality because it has not been seen to play an active role in achieving the goals of establishing BUMDEs itself. Some obstacles for BUMDEs in starting a business are the lack of business capital that can make BUMDEs unable to carry out business diversification, the absence of adequate human resources in managing BUMDEs, so that institutional performance is not optimal, and finally in terms of institutional aspects, the level of public awareness and knowledge of BUMDEs is still low [2], [6].

In the North Aceh district, there are several BUMDEs engaged in various fields such as tourism objects, fishermen, broiler chicken, etc. One of the cooperatives involved in this field is BUMDEs Camar Laut, Gampong Bantayan, Seunuddon District. BUMDEs Camar Laut was established in December 2014, chaired by Mr. Amruna. Bantayan Village is famous for its development of marine tourism based on local potential, in addition to the natural scenery of the beach, it also provides local cuisine, which is currently a tourist attraction that is quite crowded with tourists, the North Aceh Government has supported the development of tourist villages with the concept of tourism based on community wisdom, which prioritises and involves the role of the community in planning and management. One of the achievements obtained by BUMDEs Camar Laut, Gampong Bantayan, Seunuddon District, is the success in winning an award as the 2023 Nusantara Tourism Village, namely by being selected as one of the top 15 best-ranking tourist villages by the Ministry of Villages and PDDT. This is a proud achievement. We welcome the Bantayan Village officials' hard work and excellent collaboration to lead this village to become a Nusantara Tourism Village and receive an award from the Ministry [7].

Lhokseumawe City consists of 68 villages. There are four sub-districts, namely Muara Satu District with 11 villages, Muara Dua District with 17 villages, Blang Mangat District with 22 towns and Banda Sakti District consisting of 18 villages. Among the four sub-districts, Banda Sakti District is located in the urban area of Lhokseumawe City, where almost every town in the Banda Sakti District has a BUMG adjusted to the local wisdom of the village. BUMG in Hagu Barat Laut Village has 2 (Two) business units, namely Catfish farming and Refill Drinking Water Depot, which have been running for 3 years. Still, from 2021 to 2023, the management of BUMG in Hagu Barat Laut Village has not provided an accountability report to the village head, so the BUMG management is not transparent. This problem made the researcher interested in further research.

In Bireun Regency, there are several villages, one of which is Tingkeum Manyang Village. The Tingkeum Manyang Village Government established several unique BUMDEs Sepakat Jaya to improve the welfare of the residents of Tingkeum Manyang Village. BUMDEs Sepakat Jaya Mandiri was established in 2016 and has been operational ever since. In the first year, it only operated in savings, loans, and agriculture with little profit. From 2016 to 2022, BUMDEs received an inflow of approximately 130 million in the last 6 years [1]. Currently, the BUMDEs that is already operating manages the Pertamina Shop (Pertashop) established in 2020, Prestashop as a mini gas station located in Tgk Chick Hamlet, north of the road next to the Keuchik Tingkeum Mayang office and managed by BUMDEs Sepakat Jaya. Then they sold 320 litres per day on the first day, but once they reached 1400 litres/day, the average was around 900 litres/day. The system is a partnership; oil is purchased by Pertamina at Pertamina prices and sold at a different price by Pertamina, with the profits shared with BUMDEs.

Some of the problems that occur in the management of BUMDEs, include: (a) lack of community participation in the management of BUMDEs, (b) the village government does not optimally empower the community to develop BUMDEs, (c) BUMDEs does not run, (d) lack of adequate human resources (HR) in the management of BUMDEs, and (e) lack of community awareness in developing other business fields [8], [9].

The obstacles in managing BUMDEs are inseparable from the inadequate role of human resources. So that the function and purpose of BUMDEs are still far from adequate. Although the formation of BUMDEs has been following the procedures stipulated in the village minister's regulations through village deliberations, the skills of existing human resources do not yet understand the technical implementation of BUMDEs which results in a lack of focus on BUMDEs operational implementers and the absence of an entrepreneurial spirit makes BUMDEs employees experience difficulties in management.

It can be concluded that the role of human resources is vital in managing BUMDEs; therefore, it is necessary to develop Cognitive Human Resources that can see the original potential of the village (Basic Potential) that exists to be developed through BUMDEs. Because each town has different potentials, both in terms of geographical location, culture, and sources of income for the village community, it is necessary to carry out handling and specifically in each village so that the business managed by BUMDEs is in line with the original potential of the town which directly covers the potential and efforts of the village community. For this reason, it is undoubtedly necessary to evaluate the performance of HR in the management of BUMDEs to achieve the goals and functions of BUMDEs as a container for the village community's economy

## 2. Literature Review

### 2.1. Village Autonomy

Based on Law Number 6 of 2014 concerning Villages, Article 1 paragraph (1) states that Villages, as legal community units with territorial boundaries, are authorised to regulate and manage government affairs and local community interests based on community initiatives. These cultural rights are recognised and respected in the government system of the Unitary State of the Republic of Indonesia. Explicitly, this PP recognises the existence of village autonomy within the framework of the Republic of Indonesia. The PP also provides considerable authority for village heads to carry out their duties as heads of village government [4]. Thus, the village government must play an independent role in managing the village's potential to improve its citizens' economic welfare.

### 2.2. Basic Village Potential

In terminology, basic village potential can be interpreted as the original potential of the village or the basic capabilities each village possesses. It has certain uniqueness, both in terms of its geographical location, human resources, and culture, that can symbolise the town. Village potential can be divided into two parts: Physical Potential in the form of land, water, climate, geographical environment, livestock, and human resources. The second is non-physical potential in society, including its characteristics and interactions, social institutions, educational institutions, village social organisations, and village apparatus and officials [10].

Village development strategies must be carried out comprehensively, considering their various potentials. The quality of village human resources also needs to be continuously improved with multiple programs and assistance [11]. Based on this assumption, the village's existence should receive serious attention from the central government by creating policies related to economic empowerment, which is carried out by collecting and institutionalising community economic activities [12]. Village development strategies must be carried out comprehensively, considering their various potentials. The quality of village human resources also needs to be continuously improved with multiple programs and assistance.

### 2.3. The Role of BUMDEs in Improving Village Economy

BUMDEs is a village business entity established to optimise the management of existing village assets, advance the village economy, and improve the welfare of village communities. The function of BUMDEs is to serve as a driving force for the village economy, as a business institution that generates Village Original Income (PADes), and as a means to encourage the acceleration of improving the welfare of village communities. With the presence of BUMDEs, it is hoped that villages will become more independent and their communities more prosperous [13]. As a centre of the village economy, BUMDEs is expected to have a role in sustainable village development, empowerment of village communities, and improvement of the village economy. The roles of BUMDEs include:

1. Identification of the village's Potential
2. Mapping of superior village businesses
3. Building an integrated economic centre
4. Marketing superior village products.

### 2.4. Human Resource Development

Human Resources (HR) is the main potential in village economic development. Village communities that are still viewed as backwards must be built based on the ability and quality of HR. Because of the abundance of potential wealth resources owned by the village, it will not be able to drive village progress towards the welfare of the village community without the management of quality human resources. Therefore, it is essential to improve the quality of rural HR. Community development can be done through mentoring, counselling, empowerment, and education based on application and implementation that fosters an entrepreneurial spirit. If the village's potential is identified correctly, managed into something of higher quality and carried out by reliable human resources, sustainable village development will automatically be built, and prosperity can be achieved.

### 2.5. BUMDES Management Strategy

Village development is an effort to improve the standard of living and welfare of rural communities. A strategy is needed to implement village development to achieve progressive and sustainable ideals [8]. In general, developing village potential aims to encourage the realisation of village community independence by developing superior potential and strengthening institutions and community empowerment.

## 3. Methods

Riris Eka Widayanti & Renny Oktafia (2021) [14] "Online-Based Marketing Strategy for Village-Owned Enterprise (BUMDEs) Products "Success Together" Sugihwaras Village, Sidoarjo Regency" Research Focuses on: The purpose of this research is to examine one form of conducting online-based BUMDEs product marketing through the marketplace application owned, namely Electronic BUMDEs Sugihwaras (E-Bes). But until now, its use has not been maximised, because many people in Sugihwaras Village do not know about the application, and their interest is only 40%. This study aims to find out how the marketing strategy impacts the village economy.

Rico Nur Ilham, Rodi Syafrizal and Benhart Naingolan (2022) [15] "Cognitive Analysis of Basic Integration of Village Potential in BUMDEs Management in Sei Bamban District." This study aims to formulate strategies to increase the effectiveness of BUMDEs in Sei Bamban District by developing human resources that think cognitively about managing the existing village potential. So that there is integration between the knowledge and abilities of human resources and the village's potential.

Herman Alimuddin, Asriana Abdullah and Firdha Razak. "Digital Marketing Training to Improve the Competitiveness of Village-Owned Enterprises (BUMDEs) Products" (2023). Results: Digital Marketing uses all Internet resources to promote BUMDE's products. The resources owned by BUMDEs include marketing websites and BUMDEs' social media platforms. Social media is used for BUMDEs and is owned by BUMDE workers for digital marketing. Sales of BUMDE's products in Pangkep Regency increased due to the increased reach of product promotion.

Willya Achmad and Ishak Fadlurrohim (2023) [16] "The role of BUMDEs in Community Empowerment in Salamjaya Village, Pabuaran District, Subang Regency." The results of this study are the process of empowering the community's economy carried out by BUMDEs Salamjaya, namely by providing capital to the community, marketing, partnerships and institutional strengthening, and the impact of the existence of BUMDEs is increasing business capital, increasing community production, ease of obtaining agricultural facilities, increasing community income, and social life.

The research method used in this study is the Mixed Method, which combines a quantitative approach to analyse statistical data and qualitative descriptive methods to describe data and information by analysing existing theories. So that researchers can obtain accurate data on a problem and object in a particular area and describe a situation as clearly as possible [17].

The population of this study was all BUMDEs Managers in North Aceh Regency, Lhokseumawe City and Bireun Regency, totalling 52 BUMDEs Leaders, all of whom were used as research samples.

The type of data used in this study is primary data obtained from interviews and filling out questionnaires carried out by inviting resource persons from academics who are experts in the field of entrepreneurship and related agencies in North Aceh Regency, Lhokseumawe City and Bireun Regency, as well as BUMDEs managers who have successfully developed BUMDEs as a reference and motivation for BUMDEs managers.

This study uses primary data obtained from interviews and questionnaires that are tested statistically on the innovative PLs software application which are then analysed using the maslahah scorecard method as a performance measurement system supported by several management tools, namely four Balanced Scorecard (BSC) variables as measurement variables and the Plan (planning) -Do (implementation) - Check (inspection) - Action (decision making or action) cycle better known by the abbreviation (PDCA) as a performance measurement methodology. The MaSC performance system was developed by considering the "RADAR" approach, which means results, approach, deploy, assess and refine [18].



Fig 1. Research Thinking Framework

## 4. Results and Discussion

Table 1. Moderation Effect Test Results

Construct	Path Coefficients	T Statistics	P Values	Information
HR → Improving Village Economy (Y)	0.083	0.911	0.363	Not significant
SPB → Improving Village Economy (Y)	1,143	14,034	0,000	Significant
OD → Improving Village Economy (Y)	-0.319	1,383	0.167	Not significant
HR * BP → Improving Village Economy (Y)	0.188	2,018	0.044	Significant
SPB * BP → Improving Village Economy (Y)	-0.005	0.053	0.958	Not significant
OD * BP → Improving Village Economy (Y)	-0.200	2,344	0.091	Significant

Based on the test results in Table 1 above, the test results for each hypothesis are as follows:

1. The test results in Table 1 show the path coefficient value of Human Resources of 0.083, significant at t-statistic 0.911 smaller than t-table 1.67 and at P-value 0.363 greater than the significance level of 0.1. Thus, the hypothesis stating that there is a positive and insignificant influence of Human Resources on Improving the Village Economy can be rejected (H1 is rejected); in other words, there is no significant influence of Human Resources on improving the Village Economy.
2. The test results in Table 1 show the path coefficient value of BUMDEs Management Strategy of 1.143, significant at t-statistic 14.038 greater than t-table 1.67 and at P-value 0.000 smaller than the significance level of 0.1. Thus, the hypothesis stating that there is a positive and significant influence of BUMDEs Management Strategy on Improving Village Economy can be accepted (H2 is accepted), or in other words, there is a substantial influence of BUMDEs Management Strategy on Improving Village Economy.
3. The test results displayed in Table 1 show the path coefficient value of Regional Autonomy of -0.319, significant at t-statistic 1.383, smaller than the t-table 1.67 and at P-value 0.167 greater than the significance level of 0.1. Thus, the hypothesis stating that regional autonomy has a negative and insignificant influence on improving the village economy can be rejected (H1 is rejected); in other words, human resources have no significant impact on improving the village economy.
4. The test results in Table 1 show the path coefficient value of Apparatus Quality\*Potential Basic of 0.188, significant at t-statistic 2.018 greater than t-table 1.67 and P-value 0.044 smaller than the significance level of 0.1. Thus, the hypothesis stating that Potential Basic can moderate the influence of Human Resources on Improving Village Economy (H3) is accepted; in other words, there is a significant influence of Human Resources on Improving Village Economy with the Potential Basic variable as a moderator.
5. The test results displayed in Table 1 show the path coefficient value of BUMDEs Management Strategy \*Basic Potential of -0.005, significant at t-statistic 0.053, smaller than the t-table 1.64, and at P-value 0.958, greater than the significance level of 0.1. Thus, the hypothesis stating that BUMDEs Management Strategy cannot moderate the influence of BUMDEs Management Strategy on Improving Village Economy can be rejected (H4 is rejected), or in other words, there is no significant influence of BUMDEs Management Strategy on Improving Village Economy with Basic Potential variable as moderator.
6. The test results displayed in Table 1 show the path coefficient value of Regional Autonomy\*Potential Basic of -0.200 is significant at t-statistic 2.344 greater than t-table 1.67 and at P-value 0.019 smaller than the significance level of 0.1. Thus, the hypothesis stating that Regional Autonomy can moderate the influence of Human Resources on Improving the Village Economy (H3) is accepted; in other words, Regional Autonomy significantly influences the Village Economy with the Potential Basic variable as a moderator.

### 4.1. The Role of BUMDEs Reviewed from Services-Benefits-Sustainability

BUMDEs are a pillar of economic activity in the village that functions as a social and commercial institution. Efficiency and effectiveness must always be emphasised when running a business. Thus, it is hoped that the existence of BUMDEs can encourage the dynamics of economic life in rural areas. According to PKDSP (2007), what is meant by "village business" is a type of business that includes village economic services such as: 1) financial services, land and water transportation services, village electricity, and other similar businesses; 2) distribution of nine basic village economic materials; 3) Trade in agricultural products including food crops, plantations, livestock, fisheries, and agribusiness; 4) Industry and folk crafts.





Fig 2. Photo Together with PertaShop Manager

In general, BUMDE's services have been implemented professionally and flexibly. This condition can increase village communities' productivity and develop real businesses in BUMDEs to absorb more workers and increase income. In addition to service income from loan businesses, real businesses can also trigger the growth of other informal sectors. They can encourage the creativity of the community's entrepreneurial spirit in their work. The benefits of real businesses formed by BUMDEs that are following the potential in the village, so that they can maximise the advantages and benefits that will have an impact on the surrounding community, and they can be used as a source of income for the community that manages the BUMDEs' businesses.

From all the previous explanations, it is known that the role of a good BUMDEs can be viewed from the relationship between services, profits, and sustainability. The quality of services provided to the community significantly affects other aspects. Providing good services will trigger the community to participate in BUMDEs, and an increase in the number of customers will also increase income and ultimately, the profits obtained will also increase. Stable and growing income and gains will maintain the sustainability of BUMDEs itself. However, on the other hand, BUMDE's services based on family also sometimes cause problems; the conveniences provided by BUMDE's management are sometimes considered not to follow operational standards. Applying for loans, disbursing funds, and returning instalments is sometimes done inappropriately, even though all transactions are recorded in BUMDEs books. Ease of loans and family services are indeed the main goals of BUMDEs. Still, it would be better if BUMDEs had limitations so that an administrative order would be created, which would also trigger orderly customer payments.

#### 4.2. The Role of BUMDEs Reviewed from Accountability-Development of Village Assets

Hayyuna et al (2014) stated that one way to make village development successful is to increase village income. The size of village income is influenced by the strategy carried out by BUMDEs to manage and maximise assets in the village. This aligns with PP No. 72 of 2005 Article 78, which states that Village-Owned Enterprises (BUMDEs) are business entities formed to increase the village's original income.

According to Hayyuna et al. (2014), the strategies carried out to increase village assets are as follows: First, observing the environment, the results of which can determine the potential for what business activities are suitable to be implemented in BUMDEs. The strategies that can be used by BUMDEs include product development strategies, pricing, and financial strategies. Second, Strategy preparation includes 1) Product Development, 2) Pricing, and 3) Financial Strategy. Third, Strategy Implementation, carried out by BUMDEs, can contribute to increasing village income. The village head carries out the fourth, evaluation or control, because the regional government authorises the village head to supervise and be responsible for BUMDEs in the village.

From the description above, it can be concluded that the asset management strategy (increased accountability) carried out by BUMDEs has contributed and can increase village income. From the increased accountability of BUMDEs that has been carried out, village assets can be saved. All government assistance programs provided can be accounted for, and their existence can be maintained. With BUMDEs acting as a container for other programs, it is hoped that all village assets obtained can be recorded, accounted for, and developed to maintain the sustainability of BUMDEs itself.

#### 4.3. The Role of BUMDEs Reviewed from the Improvement of the Standard of Living of Managers, Commissioners, and Community

Referring to one of the objectives of BUMDEs, namely improving community welfare and growing the economy, it can be identified that one of the roles of BUMDEs can be viewed as improving the standard of living of administrators, commissioners, and the community. The formation of BUMDEs in villages will undoubtedly affect the income of the community that participates in the management of BUMDEs, which in essence aims to meet the needs of the local village community. BUMDEs are expected to provide maximum benefits for the welfare of their community, such as absorbing labour from the local village environment, thereby reducing the unemployment rate in the village.

In addition to regular funding from BUMDEs to improve human resources, training must also be carried out to enhance skills to improve the quality and abilities of administrators, so that later this knowledge and insight can be helpful for administrators and can be used to increase income. If they are more professional, they will improve the quality and role of BUMDEs, and can maintain the sustainability of the BUMDEs program in the village.

#### 4.4. The Role of BUMDEs Reviewed from Compliance with Regulations and Legislation

In addition to the three reviews of BUMDEs' roles previously stated, another role of BUMDEs is reviewed, based on how BUMDEs comply with applicable regulations and laws. All aspects of BUMDEs are regulated in statutes set by the government, and compliance with operational standards can determine the good or bad development of BUMDEs. Simply put, compliance with these regulations can be described by annual reporting.

In good BUMDEs management, laws and government regulations are a reference for maintaining the sustainability and role of BUMDEs to remain optimal. BUMDEs management's compliance with applicable regulations and rules is one aspect of reviewing the role of a BUMDEs because, with management according to procedures, maximum results will be obtained that can benefit BUMDEs. Still, on the

other hand the community is also helped. In the end the community experiences increased welfare and income from the development of its economy supported by BUMDEs in the village. BUMDEs that are managed according to procedures and regulations will run well, can be reported and will continue to develop to participate in improving the welfare of the village community.

BUMDEs management has been carried out in accordance with operational standards, financial reporting, services, SHU distribution, interest determination and standard loan requirements have been implemented in accordance with regulations. However, bad debts are often still experienced because customers are unable to return the loan funds, this is because operational standards in services are implemented based on family and trust guarantees, so that customer capabilities can only be assessed through historical data when customers have been able to return the loan funds.

#### 4.5. The Role of BUMDEs in Improving the Village Economy

Regarding the role of BUMDEs services, it is known that there are differences in services between BUMDEs and other microfinance institutions in the village. BUMDE's services emphasise convenience with the principle of family and trust for its customers. While in other microfinance institutions, the loan process must be carried out correctly and according to procedures, without exception. In addition, it was found that services at BUMDEs were carried out professionally and flexibly, the methods used were more concise so as not to burden their customers, with conveniences in loan requirements and relatively low interest rates.

In terms of the Role of BUMDEs' Profit, it was found that BUMDEs' profit or income is also influenced by the income received from other BUMDEs' businesses, such as real businesses managed by the BUMDEs. BUMDEs businesses can also be formed according to the village's potential to maximise advantages and profits. The development of this BUMDEs real business also impacts the surrounding community. This business can be a source of income for some people who manage BUMDEs businesses.

Improvement of services, profits, and sustainability of BUMDEs influences the improvement of the village economy. BUMDEs' services can increase their customers' productivity because getting a loan does not require a long time and a complicated process. In the end, production can be carried out immediately after the materials have been purchased using the loan money from BUMDEs.

#### 4.6. The Role of BUMDEs in Increasing Village Original Income

Regarding the role of BUMDEs' accountability, it is known that the asset management strategy (increased accountability) carried out by BUMDEs has contributed to and can increase village income. In addition, BUMDEs have been able to accommodate other assistance programs obtained from the government and help accommodate government program funds that enter the village, which will indirectly help maintain village assets.

This BUMDEs program has contributed to the Village Original Income (PADes), where the strategies implemented can contribute to increasing village income. Most BUMDEs have a positive impact, for example, they can accommodate government assistance programs, maintain existing program assets and maintain the village assets themselves.

With the increase in PADes, it was found that there were still several obstacles in its management. Inhibiting factors in terms of asset management carried out by BUMDEs, namely regarding difficulties in developing new businesses, limited innovation in developing local products, lack of facilities and infrastructure, and low supervision from the Regional Government.



Fig 3. Group Photo with Catfish Farming Manager

#### 4.7. The Role of BUMDEs as the Backbone of Rural Economic Growth and Equity

It is known that the role of BUMDEs related to the aspect of improving the Standard of Living of Management-Commissioners-Community is considered to have implications for the Economic Independence of the Community, especially in terms of the ability as the backbone of growth and equity of the rural economy. The role in improving the standard of living of management, commissioners, and the community is considered a form of BUMDEs' success in becoming the backbone of growth and equity in the rural economy. Referring to one of the objectives of BUMDEs, namely improving community welfare and growing the economy, it can be identified that one of the roles of BUMDEs can be reviewed from enhancing the standard of living of management, commissioners and the community. Allowances are provided from the results of BUMDEs management, which are a source of additional income for BUMDEs management and commissioners, which can later improve the welfare of each management and commissioner.

In addition to the ability to become the Backbone of Growth and Equity of the Rural Economy achieved by BUMDEs, there are still shortcomings in its implementation, including the lack of educated, trained and professional resources to support the diversification of BUMDEs' businesses in the real sector other than the savings and loan sector. In addition, a good role will increase BUMDE's income and profits, automatically increasing the revenue of BUMDE's administrators and commissioners.

However, on the other hand, indirect benefits are not yet visible, lack of interest, ability, and courage are the causes of the low number of workers who dare to become entrepreneurs themselves so that both the management and the community are still lacking awareness in realising real community empowerment in the real sector and micro businesses.

#### 4.8. The Role of BUMDEs in Increasing the Processing of Village Potential following Community Needs

The results of this study found that the Role of BUMDEs, especially the Role of BUMDEs related to the Aspect of Compliance with Laws and Regulations, is considered to have implications for the Economic Independence of the Community, especially in terms of the Ability to Process Village Potential According to Community Needs. BUMDE's management has been carried out following operational

standards, financial reporting, services, distribution of SHU, determination of interest, and standard requirements for borrowing funds, which are regulated.



Fig 4. BUMDEs Camar Laut, Bantayan Village, Seunuddon District, North Aceh

However, despite these achievements, in its implementation, there is still a lack of understanding among the community about the intent and purpose of establishing these BUMDEs. BUMDEs, which should act as a stimulant to develop community self-reliance, have instead become a place of dependence for a handful of people who expect grant funds from the government and consider that the funds do not need to be returned because they are grants from the government.

The stability of BUMDE's income is not always good; sometimes, problems arise along with its development, starting from problems in the savings and loan program, to the real business of BUMDEs. The majority of BUMDEs also experience many bad debts. Still, considering that BUMDEs carry a social mission from the government, there is no target for punctuality in returning business capital (loan funds), unlike financial institutions.

In addition to the fact that there is still a destructive mindset in society, which causes the rate of return of funds decrease. Sometimes, there is also a misunderstanding between the government and BUMDEs managers, which causes various problems such as misuse of funds due to specific reasons. BUMDEs must have experienced procedural errors due to the distribution of funds that are not on target, so that customers cannot return the loan funds. As a result, many programs cannot develop and die in the middle of the road.

## 5. Conclusion

Currently, the government continues to strive to build and develop the rural economy through community empowerment programs to increase productivity, business diversity, and regional potential, as well as improve the economy and welfare of rural communities. One of the government's programs is to provide a budget for funds in the field of community empowerment, which can be used to support the capital for establishing Village-Owned Enterprises (BUMDEs). The objectives of BUMDEs, namely optimising the management of village assets and existing village potentials to help the village economy and improve the welfare of rural communities, but unfortunately, until now, the role and function of BUMDEs have not been effective and have not been felt by the community. This is due to the inability and lack of professionalism of BUMDEs' management human resources, and the lack of integration of businesses managed by BUMDEs with existing village potentials, so that it seems as if BUMDEs stands only as a formality without supporting the economic potential of the village community. This study aims to create a strategic concept in BUMDEs management so that it runs more effectively and is on target to support the village economy through the development of human resource knowledge in BUMDEs management, integrated with the economic potential of the village community. So that BUMDEs and Basic Pontesial village are integrated into a business institution that supports the village economy for the welfare of the village community. This solution can help village communities strengthen their economy and provide a view of knowledge and open insights to BUMDEs managers so that they can develop BUMDEs into a business that synergises with the community.

With Research Results

1. Human resources positively and insignificantly influence improving the village economy in BUMDEs Management.
2. BUMDE's management strategy has a positive and significant influence on improving the village economy for BUMDE's.
3. Regional Autonomy has a negative and insignificant impact on improving the village economy for BUMDEs Management.
4. Basic Potential moderates the influence of human resources on improving the village economy in BUMDEs Management.
5. Basic potential does not moderate the influence of BUMDEs' Management Strategy on improving the Village Economy in BUMDEs Managers.
6. Basic Potential to Moderate the Influence of Regional Autonomy on Improving Village Economy in BUMDEs Management

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