

## Conference Paper

# Direct Consultation and Virtual Consultation in the framework for Management BUMDES for Optimization of Financial in Sekaran, Loceret, Nganjuk, East Java

Eko Wahyudi \*, Anajeng Esri Edhi Mahanani, Rohmatul Faizah

Department of Law, Faculty of Law, Universitas Pembangunan Nasional “Veteran” Surabaya, East Java

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### Abstract

Based on research by socio-legal that is to see the implementation of BUMDES management directly in Desa Sekaran, Loceret, Nganjuk, it was concluded that the existence of BUMDES Sekaran, Loceret, Nganjuk is still at the initial development level because it is still at the level of activity and business program design. This condition encourages the need for BUMDES to be developed at the level of management, financial management, as well as a basic understanding of the law. Higher Education, in this case, has an important role considering the dharma of community service is also attached to it. Besides, although the village has a village assistant, its existence as a village facilitator has not been able to answer the problem, the facilitator has not been able to provide knowledge of financial management and BUMDES optimally. Based on the results of field research through direct interviews with the Sekaran Head, and the BUMDES Chairperson, solutions were then drawn to provide financial management and BUMDES assistance, as well as legal understanding through direct consultation and virtual consultation. Direct consultations are held at the forum, while virtual consultations show sustainability.

**Keywords:** BUMDES, financial management, law, direct consultation, virtual consultation

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### Introduction

Badan Usaha Milik Desa (BUMDES) are business entities that were built to be able to provide income for Income (PADes). Article 3 of Permendes No. 4 of 2015 emphasizes that BUMDES was established with the objectives of, among others, improving the economy of the village, optimizing the benefits of assets, increasing the community's efforts in managing the economic potential of the village, creating market opportunities and networks, opening employment opportunities, increasing the income of the Village community and Original Income Villages, all of which are expected to be able to improve the welfare of the community through improved public services, growth and equitable distribution of the village economy. Whereas following Article 89 of the Village Law, BUMDES 'business results will not only be used for the development of the BUMDES business itself, but will also be used for village development, empowering rural communities, and providing assistance to the poor.

How urgent and the role of BUMDES is for the village and village financial income encourages villages to optimize BUMDES using the funds allocated to the village. The presence of BUMDES will also encourage village independence, as villages do have genuine autonomy. This is in line with the results of the study (Komara and Purnamasari, 2016), which states that:

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\* Corresponding author  
Email address: ekowahyudi.ih@upnjatim.ac.id

"To create an independent village, a source of income for the village that originates from the village is needed. Independence referred to is the process carried out by the village government together with the community to carry out activities in the framework of fulfilling their needs under their capabilities. Business units operating in the village must have characteristics and competitive advantages to make a significant contribution to improving the welfare of rural communities."

In other studies also found advantages of the presence of BUMDES in the village, namely (Anggraeni, 2016), which confirms that "the existence of BUMDes is undeniably brought about changes in the economic and social fields. BUMDes contribution is mainly in the form of Village Original Income, where the BUMDes net profit is allocated for village income "

The advantage of having BUMDES in each village for the village community, and the village's finances, is not yet understood thoroughly to encourage the establishment of BUMDES immediately and on target. One of the villages in Nganjuk Regency, namely Sekaran Village, Loceret District, Nganjuk Regency, has not been able to establish businesses under the auspices of BUMDES. The data obtained, that the existing BUMDES has just been built, and only has a business program design, which until now has not been realized.

In its management, BUMDES in Sekaran Village, Loceret District, Nganjuk Regency still needs a companion or performance monitor. Village assistants who have been assigned to each village, including Desa Sekaran, have also not been able to carry out their duties and functions in terms of village financial management, village management and BUMDes assistance.

Seeing this, the proposer has an interest in providing forums or consultation groups, both directly and indirectly (through social media). The ultimate goal is to be able to assist and monitor village financial management, including the management of BUMDES and its management.

The proposing team which is academics from Higher Education, namely UPN "Veteran" East Java, will carry out assistance as a form of Community Service dharma, in which Higher Education as the organizer of Higher Education has tri dharma. Article 1 number 11 of the Law on Higher Education, emphasizes that Community Service is an academic community activity that utilizes Science and Technology to advance the welfare of the community and enlighten the life of the nation. Then the ongoing assistance, in this case, is a form of existence of community service.

## **Research Method**

Community service is carried out through a field research process in advance, by clarifying the needs of the people of Sekaran Village, Loceret District, Nganjuk Regency. After it was discovered that the problem was more on the management of BUMDES, a consultation platform was provided directly at the service location, and a virtual consultation forum through social media, which was made specifically for ongoing consultations for BUMDES, BUMDES members and village officials, even the village community to the proposing team. Social Media can be in the form of WhatsApp group BUMDES Desa Sekaran in which there is a proposing team as its consultant.

## **Result and Discussion**

The main target in community service in Sekaran Village, Loceret Subdistrict, Nganjuk Regency is to assist the management of BUMDES, primarily related to village financial laws and village governance. This community service is pursued in two ways, namely a direct way with on-site consultation as well as a virtual way, namely by creating a virtual communication container created specifically for the BUMDES board and the service team. This virtual communication container is intended for long-distance communication.

As is known, that BUMDES is a village financial institution that has great potential to encourage village financial autonomy and independence. BUMDES has a big role in determining village income, so

what becomes a business and what needs to be developed by the village through owned BUMDES is the main focus in development.

The existence of BUMDES that strengthens villages, in this case, is very necessary considering the village is the smallest unit in the country that has genuine autonomy. The independence of the village, in this case, is also by the consideration of the formation of a village law namely, Law Number 6 of 2014 concerning Villages. The preamble of the law explained that "... in the constitutional journey of the Republic of Indonesia, the village had developed in various forms so that it needed to be protected and empowered to be strong, advanced, independent, and democratic to create a strong foundation in carrying out governance and development towards a just, prosperous and prosperous society.

BUMDES then is not new in the regulation related to village autonomy, but the Village Law No. 6 of 2014 emphasizes more on the independence of villages that can be obtained through activities to increase needs and abilities through BUMDES. Village Law No. 6 of 2014, regulates BUMDES in Chapter X into three articles:

- a. Article 87 paragraph (1) Villages can establish Village-Owned Enterprises called BUMDES paragraph (2) BUMDES are managed with a family and cooperation spirit; (3) BUM Desa can run businesses in the economic sector and/or public services following statutory provisions.
- b. Article 88 Paragraph (1) Establishment of BUMDES is agreed through Village Consultation (2) Establishment of BUM Desa (1) is determined by Village Regulation. Article 89 BUMDES business results are used to:
  - 1) business development; and
  - 2) village development, village community empowerment, and assistance to the poor through grants, social assistance, and revolving fund activities stipulated in the Village Budget and Expenditure Budget.
- c. Article 90, Government, Provincial Government, Regency / City Government, and Village Government encourage the development of BUMDES by:
  - 1) provide grants and / or access to capital;
  - 2) providing technical assistance and access to markets; and
  - 3) prioritizing BUMDES in the management of natural resources in the village.

Speaking of BUMDes, we should be able to see how the OTOP program in Thailand was launched as a breakthrough to drive domestic production, especially by developing local-specific products that have been carried out from generation to generation in the area concerned by the community. The OTOP program encourages each tambon to utilize local resources (natural, human, and technological) by relying on local traditions. The mission of the OTOP program was developed based on the following three basic principles: 1) Is a global and local product; 2) produce products based on creativity and own ability, and 3) while developing human resource capabilities. In addition to OTOP, in Japan, we are familiar with the One Village Community Commodity (OVOC) program. OVOC is a program that combines the concept of a prime commodity area, which was first developed in Japan's Oita Province, by driving a one commodity one village program, and successfully elevating the dignity of the poor village of Oyama due to superior agricultural yields even on a small scale (Tambunan, 2003)

The condition and existence of Village-Owned Enterprises (BUMDES) in Sekaran Village, Loceret District, Nganjuk Regency are still very simple. Simple here in terms of management and efforts are still developing even planned. BUMDES Organ in Sekaran Village has been established with an organizational structure that has been prepared. However, if you see the form of businesses under the umbrella of BUMDES has not been realized or has not yet been formed. BUMDES efforts are still the design and planning of the BUMDES organization together with the Village Head. The trigger is that so far village income from the Village Fund (DD), Village Fund Allocation (ADD), and so on, is more focused on physical development. Besides, there is not yet a good understanding of the urgency of the presence of BUMDES to support village funding.

Sekaran Village has several problems, the following can be elaborated on Sekaran Village's problems based on priority scale:

- a. Different perceptions among BUMDES organization members regarding BUMDES needs and problems;
- b. Knowledge of the laws and regulations governing villages and village finances, as well as the urgency of BUMDES for villages which is still minimal;
- c. Lack of understanding of village financial management and BUMDES management;
- d. The village facilitator is not yet optimal in providing input related to village fund management that can be used to play BUMDES finance.

Seeing from these provisions, the BUMDES was formed based on the needs and potentials of the village, to answer the problem of the needs of the wider village community. BUMDES Sekaran Village, Loceret District, Nganjuk District are still not operational. The stages of the establishment of BUMDES are still in physical and organizational development. A program plan has been formed although it has not yet been implemented. For this reason, the service team then carried out BUMDES management assistance in Sekaran Village, Loceret District, Nganjuk Regency through the following efforts:

1. Collecting data on problems, BUMDES program plan in Sekaran Village, Loceret District, Nganjuk Regency;
2. Providing understanding related to village financial legislation, management of village financial management and management of BUMDES;
3. Making a direct consultation container at the place of service;
4. Creating a social media platform for virtual consultation for ongoing monitoring and consultation.

The approach used is the socio-legal approach, which is by looking at the needs of the village, the village community to determine the appropriate BUMDES management model, and also by looking at the statutory provisions related to village finance. Obtained from the results of direct consultations, conclusions from the potential possessed by Sekaran Village, Loceret District, Nganjuk Regency, namely the dangdut music exhibition habit. This could be a potential need to be fulfilled by BUMDES through dangdut musical instrument rental business, tents, and so on. Besides, Sekaran Village, Loceret Subdistrict, Nganjuk Regency also has the potential for crops that can be traded through the Village Unit Cooperative, which is also set up for the village savings and loan institutions.

In addition to these efforts, village financial management and BUMDES management are a very important set of management. The importance of increasing knowledge related to management is also conveyed by Koso *et al.*, (2017), which states that: "The importance of management for the success of an organization that is lived and can carry out following the initial goals to be achieved by an organization, in this case, the implementation of Village Ownership Management (BUMDES)". The following is a photo of the direct consultation:



Figure 1. The direct consultation

Encourage the establishment and development of BUMDES in villages following the objectives of economic development in Indonesia. The Indonesian economy is based on an economic democracy based on the principles of togetherness, fair efficiency, sustainable, environmentally friendly, independent, and by maintaining a balance of progress and national economic unity (accessed through <http://www.keuandangesa.com/pendekatan-utuh-penguatan-kelembagaan-ekonomi-desa/>).

The Dedication Team in this case also provides a virtual communication container that can be accessed remotely, by the community, especially the BUMDES management and the service team that is not in the same place. The Dedication Team, which is an academic community at the UPN "Veteran" East Java, has a strategic position to support the development of Indonesia from the villages. The role of universities, in this case, is to reduce the range of knowledge up to the village community. The following is a form of collaboration between the Dedicated Team from UPN "Veteran" East Java and the BUMDES management:



Figure 2. The form of collaboration between the dedicated team from UPN "Veteran" East Java

## Conclusion

The results of the study can be concluded that:

BUMDes is positioned as a village economic institution. BUMDES has an important role in bringing about the welfare of the community, villages, and the village government. For this reason, BUMDES development should be followed by professional governance based on statutory regulations.

Higher Education has a role in helping build the village, for the sake of building the nation's financial independence. Through the development of village independence which is the owner of original autonomy in Indonesia, rural economic development is the answer to solving the problem of economic inequality in Indonesia. Higher Education as intellectuals must be able to contribute to the village. In the case of the development of BUMDES Sekaran, Loceret Subdistrict, Nganjuk Regency, UPN "Veterans" of East Java conducted dedication through direct consultation and virtual consultation.

## Suggestion

Sustainability assistance is needed through a virtual consultation and is distributed to other villages throughout Indonesia. It is hoped that villages that have great potential, however, do not have village assistants, or have not been directly touched by the central government or regional government, can be helped by the presence of the academic community who participate concerned with the development and development of the village economy through BUMDES.

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