

Scale-Up Collaboration Model of Village-Owned Enterprises for Increasing Village Economy

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ABSTRACT

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BUMDES is a village economic institution that until now has become an important part in realizing village economy independence. In Indonesia nowadays there are almost 50,000 BUMDES with details of 1,000 developed ones, 10,000 developing ones, and 30,000 BUMDES that are still in the pilot stage. One of the efforts that can be done in increasing BUMDES business is BUMDES scale up program. This program can help increase the management of BUMDES in aspects of institutional, innovation, digitalization, and sustainability. BUMDES scale-up must be conducted in collaboration among several parties, including BUMDES, academics, and industry. This research is a formulation of efforts to increase the performance of BUMDES, which aims at developing BUMDES scale-up collaboration model for increasing the village economy. This research uses a qualitative approach using primary data collected using Focus Group Discussion (FGD) technique for BUMDES, academics, and industry. The analysis used are qualitative descriptive and CIPP (Context evaluation, Input evaluation, Process evaluation, and Product evaluation). The results of research have found that BUMDES scale-up collaboration model for increasing the village economy through tripartite cooperation of BUMDES - Academics - Industry has been proven to be able to overcome two problems occurred in BUMDES. Academics are able to help examine the potential and formulate the innovation designs, also provide the training and mentoring. Industry is able to assist in the aspect of technology and market access. The results of research can be a role model in BUMDES scale-up efforts to increase the village economy.

1. INTRODUCTION

National Development aims at creating a just and prosperous society based on the Constitution of the Republic of Indonesia 1945. After the era of centralization ended, it has entered the era of decentralization that makes the regencies/cities have a good level of empowerment. Villages are the spearhead of national development. Therefore, the government continues to encourage the village economy through the Acts No. 6 of 2014, which suggest the villages to have a business entity that is useful for meeting the community's needs, especially the basic needs and the availability of unused village resources and humans who are able to manage the business entity as an asset that drives the community's economy, one of which is BUMDES.

Some research in developed countries show that rural companies outperform urban companies, one of which is [1] who state that rural companies perform better than the urban ones (in terms of employment), in most sectors and regions. Although BUMDES is believed to have many benefits for rural communities, there is still a little research related to it in developing countries. Some research highlight that China's growth is inseparable from the emergence of enterprises in rural areas [2-5]. However, research in developing countries such as Indonesia is still limited.

BUMDES is a rural economic institution that until now has become an important part in realizing the village economy independence [6]. BUMDES is a village economic institution

or body formed by the village government that is managed independently with the capital of all village potentials [7, 8]. Nowadays there are 40,834 BUMDES registered in the Ministry of Villages, of which 30,675 have been verified and 10,159 are in the verification process. Based on the data from verified BUMDES, this year BUMDES has recorded revenues of Rp 2.111 trillion. According to the estimates from BUMDES.id, there are 1,000 Advanced BUMDES, 10,000 Developing BUMDES, and 30,000 BUMDES that are still in the pilot stage. According to President Joko Widodo's direction, the pandemic must be a momentum to reorganize, reform, and transform the village economy.

Efforts to improve the performance of BUMDES can certainly be conducted with various strategies. The tripartite cooperation model of BUMDES – Industry – Academics can be applied in developing the capacity of BUMDES. Academics are able to help examine the potentials and formulate the innovation designs, while Industry is able to help in technology and market access. The students' involvement in this activity is outlined in academic activities in the field.

In developing BUMDES capacity, BUMDES itself certainly has very big role. Commitment of human resources, as the manager of BUMDES, must have a strong determination and effort to increase the quality of BUMDES. Collaboration with industry is also one way to develop the existing businesses in BUMDES. While the role of academics in the development of BUMDES can be played through the role of lecturers and students in research activities, community

service, or other academic activities that can be conducted by students in the field. The objective is to help increase the management of BUMDES in aspects of institutional, innovation, digitalization, and sustainability. In this case, students can also find benefits from the addition of new knowledge in a best-practice manner to strengthen the existing theories taught in class.

This research has an urgency, which is to develop an implementation and evaluation mechanism, to develop BUMDES scale-up collaboration model to improve the village economy. Hopefully the results of this research may become a role model in implementing the sustainability of BUMDES – Academics – Industry tripartite cooperation in increasing the capacity of BUMDES that will have an impact on improving the economy of people in rural areas.

2. METHOD

This research uses a qualitative approach. The data used in this research is primary data. In this research, the primary data needs are obtained using the Focus Group Discussion (FGD) technique among BUMDES, Academics, and Industry (Table 1). The research informants are as follows:

Table 1. List of research respondents

No	Respondents	Amount	Description
1	Representative of BUMDES Administrators	10	BUMDES administrators
2	Representative of Academics (Lecturers and Students)	20	Lecturers and students who have followed BUMDES Internship
3	Representative of Industry	10	Industry that becomes a partner in the effort to improve BUMDES.

This research uses several analytical tools. The analytical method used to identify the mechanism and model for implementing the BUMDES Internship is qualitative descriptive. While the evaluation model chosen is CIPP, which stands for Context evaluation, Input evaluation, Process evaluation, and Product evaluation (Figure 1).

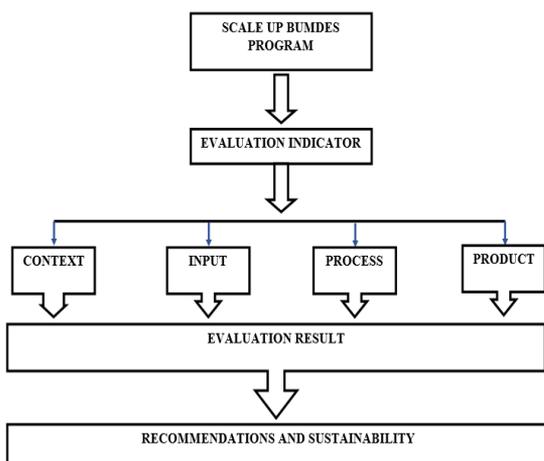


Figure 1. Implementation mechanism of context evaluation, input evaluation, process evaluation, and product evaluation

From the indicators obtained by the application of the CIPP instrument system, the data analysis then is conducted with a qualitative approach. Data analysis in qualitative research has two objectives: (1) analyzing the ongoing process of a social phenomenon and obtaining a complete picture of the process; (2) analyzing the meaning behind information, data and process of a social phenomenon. So, the data analysis used in this research is the Miles and Huberman model.

The concept of validity in qualitative research is credibility. Success in qualitative research is being successful in exploring problems or describing settings, processes, social groups or patterns of multiple interactions. High credibility is also achieved if the participants involved in the research recognize the information. Confirmation and clarification of data is obtained by: 1) Member check, visiting participants or respondents in the data analysis process. 2) Peer checking discussions with experts to reanalyze the data obtained. The evaluation stages in the CIPP analysis have the following objectives [9, 10]:

(a) Context evaluation, to serve planning decisions. It is an evaluation context to help administrators plan decisions, determine program needs, and formulate program objectives.

(b) Input evaluation, to serve structuring decision. Evaluation activities aim at helping regulate decisions, determine sources, what alternatives will be taken, what plans and strategies to achieve the needs, and what work procedures to achieve them.

(c) Process evaluation, to serve implementing decision. This evaluation activity aims at helping implement decisions. The question you must answer is the extent to which a plan has been implemented, whether the plan is in accordance with work procedures, and what needs to be improved.

(d) Product evaluation, to serve recycling decision. This evaluation activity aims at assisting further decisions. The question you have to answer is what results have been achieved and what has been done after the program is running.

3. RESULT AND DISCUSSION

The cooperation model of BUMDES - Academic - Industry in the form of "BUMDES Capacity Building Collaboration" can be conducted through several stages. This activity involves lecturers, students, BUMDES and industrial partners. Using the Design Thinking approach, the mentoring team from academics will help villages to map the village potential, identify the opportunities, design the business models, calculate the cost-structures, make the projections, measure the feasibility, and develop the business plans. The technology that will be applied is the result of campus innovation and the result of collaborative innovation cooperation between campuses and stakeholders. BUMDES has task to provide internal BUMDES resources. Meanwhile, practitioners play a role as partners in developing the BUMDES business. BUMDES scale-up mentoring collaboration model can be seen in Figure 2 as follows:

From the above flowchart, it can be seen that the activities will be conducted in several stages. The first stage is the selection and mapping of BUMDES. Second, is observation of BUMDES stage. Third, is the program planning stage. The fourth stage is program implementation. While the fifth stage is monitoring and evaluation. The detailed stages are presented in Table 2 as follows.

The stages of implementing the collaboration model for

Scale-up Mentoring Collaboration Model of Village-Owned Business (BUMDES) in Table 2, will be repeated until many BUMDES mentored can be declared "independent". In the next period, mentoring will be conducted to BUMDES in the previous year that still requires it because that BUMDES is declared not "independent" yet, and the mentoring is conducted on new BUMDES to replace those that have been declared "independent" in the previous year's mentoring results.

This model has been implemented in nineteen BUMDES located in Semarang Regency, Central Java Province, Indonesia. The BUMDES scale up program has been conducted for one year in 2021. BUMDES, academics, and industry work together to do the tasks according to each capacity in developing BUMDES with structured programs according to the conditions of each BUMDES. The results of evaluation of BUMDES scale up program conducted at the end of 2021 (Table 3) show that the application of BUMDES scale up mentoring collaboration model is able to significantly improve the aspects of institutional, innovation, digitalization, and sustainability of each BUMDES (Figure 3). Assessment scores from before and after program implementation in all

BUMDES show an increase. However, not all BUMDES implementing the program can be declared independent. There are four of nineteen BUMDES implementing the program that still need to have re-mentoring because several aspects are considered to be still not strong yet. This is followed up by re-mentoring the same four BUMDES in 2022. The following is an evaluation data on the implementation of the 2021 BUMDES scale-up mentoring collaboration model.

The success of implementing collaborative activities to increase BUMDES capacity can be measured through improving BUMDES on several indicators including aspects of institutional, innovation, digitalization, and sustainability. From evaluating the success of BUMDES scale-up in some of these aspects, measurements are made before and after the program has been implemented. From the results of analysis of the evaluation score for the condition of BUMDES, it can be found that after implementing the program, the capacity of BUMDES has all increased, which can be seen from the scores before and after the implementation of program. The following is a graphic image of the score before and after the mentoring is conducted.

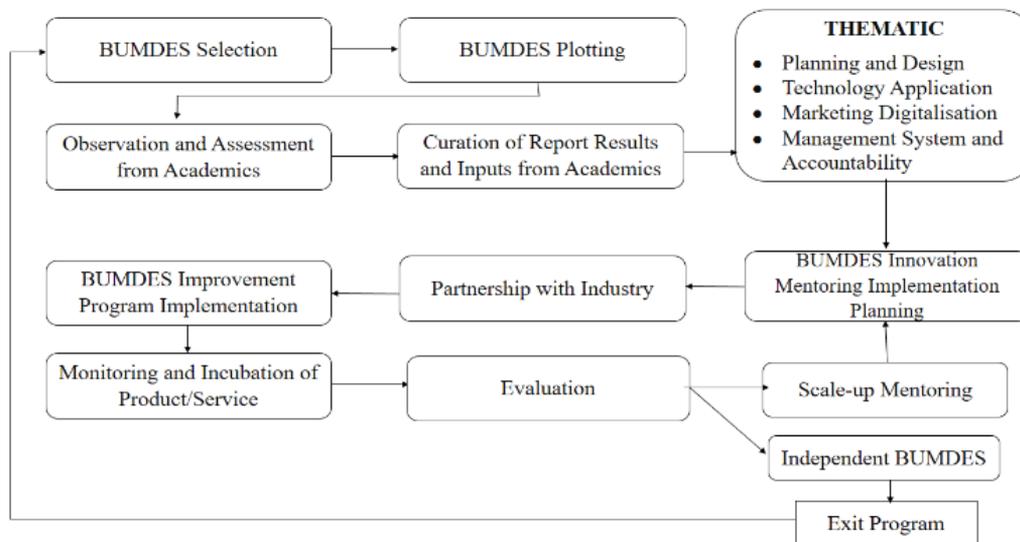


Figure 2. Scale-up mentoring collaboration model of village-owned business (BUMDES)

Table 2. Program implementation stage, activity 2

Stages	Activity Description	Actors
First: Selection and Mapping of BUMDES	BUMDES selection can be conducted in order that BUMDES can be grouped based on its categories (pioneering, developing, and developed one). This grouping aims that technology and innovation can be applied as the condition of each BUMDES.	Academics
Second: Observation of BUMDES	At this stage the identification of the potential and problems of BUMDES is conducted by the Campus in order to determine the right technology and innovation, which will be applied to BUMDES in accordance with the problems faced.	Academics and BUMDES
Third: Program Planning	At this stage, lecturers, students and industry partners prepare programs that will be implemented at BUMDES. Also in this plan, if the development program conducted by the campus requires cooperation with other partners as technology providers, the cooperation can be conducted.	Academics, BUMDES and Industry
Fourth: Program Implementation	In this stage, all programs that have been planned can be implemented.	Academics, BUMDES and Industry
Fifth: Monitoring and Evaluation	After the program has been implemented, monitoring and evaluation must be conducted to see the level of success of the program. If from the results of the program implementation the condition of the BUMDES is declared not to be good, then the mentoring must still be conducted. However, if the evaluation results show very good conditions and are able to conduct the innovation independently, then BUMDES is feasible to be released and does not need mentoring anymore.	Academics, BUMDES, and Industry

Table 3. Evaluation results of application of BUMDES scale-up mentoring collaboration model in 2021

No	Names of BUMDES	Villages	Assessment Score for BUMDES	
			Before	After
1	Asung Daya	Jatijajar, Semarang, Central Java	1000	1520
2	Bangun Jaya Kesongo	Kesongo Village, Semarang, Central Java	2000	2580
3	Bergas Mandiri Sejahtera	Bergas Kidul, Semarang, Central Java	1000	1750
4	Estu Mukti	Bejalen, Semarang, Central Java	3000	3560
5	Gerbang Lentera	Lerep, Semarang, Central Java	3000	3600
6	Kalongan Mandiri Jaya	Kalongan, Semarang, Central Java	4000	4560
7	Kaya Guna	Kalisidi, Semarang, Central Java	3000	3650
8	Makmur	Gedangan, Semarang, Central Java	3000	3580
9	Mandiri Jaya	Sepakung, Banyubiru, Semarang, Central Java	3000	3560
10	Mandiri Menuju Sukses	Leyangan, Semarang, Central Java	3000	3490
11	Mandiri Sejahtera	Duren Village, Bandungan Semarang, Central Java	2000	2630
12	Rejo Mulyo	Gogik, Semarang, Central Java	3000	3570
13	Sejahtera Bersama	Nyatnyono, Bandungan Semarang, Central Java	1000	1430
14	Sumber Arto	Kenteng, Semarang, Central Java	3000	3570
15	Sumber Rejeki	Kalikayen, East Ungaran, Semarang, Central Java	2000	2530
16	Tirto Umbul Rejo	Kopeng Village, Semarang, Central Java	3000	3570
17	Tlogo Mandiri	Tlogo, Semarang, Central Java	3000	3600
18	Tuntang Sejahtera	Tuntang, Semarang, Central Java	1000	1570
19	Untung Makmur	Branjang, Semarang, Central Java	2000	2740

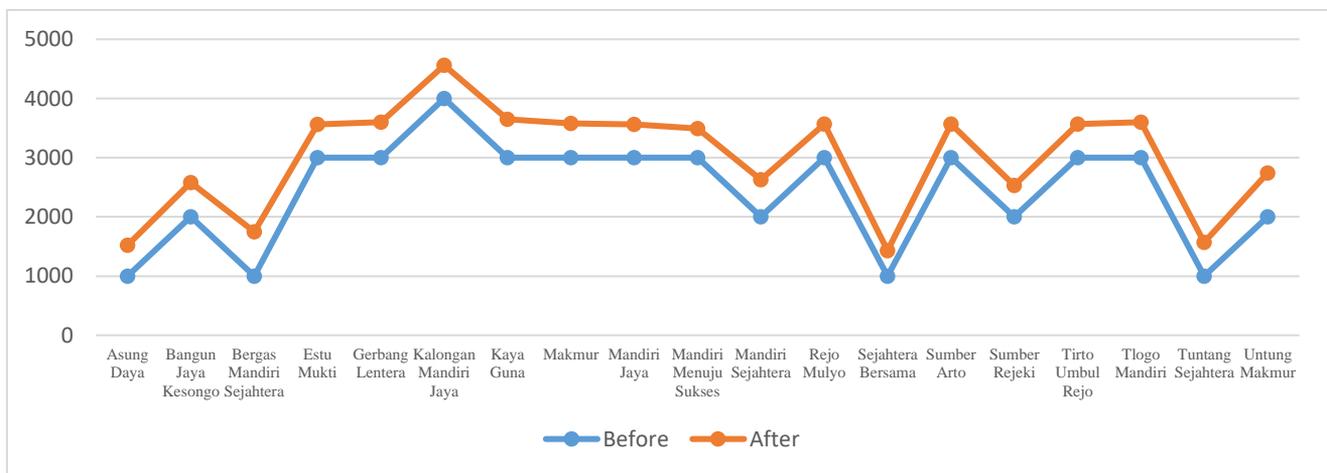


Figure 3. BUMDES score before and after the scale-up program implementation

Figure 3 show the BUMDES score before and after the implementation of the scale-up program. which can be seen from the average of BUMDES assessment score that increase 740 points after implementing the program and mentoring. This indicates that the applied model has succeeded in bringing positive benefits to increase the capacity of BUMDES.

In Indonesia, most research only discuss BUMDES in one village [11-17]. Most of them do not discuss the BUMDES capacity development model. This research is expected to fill the gap and become an input for the policy makers in efforts to increase the capacity of BUMDES in the developing countries in general and in Indonesia in particular. To our knowledge, this is the first research on a BUMDES capacity building model that is accurate and has proved the results from its implementation.

4. CONCLUSIONS

BUMDES scale-up collaboration model for improving the village economy through tripartite cooperation of BUMDES – Academics – Industry has proven to be able to overcome problems that occur in BUMDES. Academics are able to help

examine the potential and formulate the innovation designs, also provide the training and mentoring. Industry is able to assist in the aspect of technology and market access. This research contributes to the creation of a new model in increasing the capacity of BUMDES. Hopefully the results of research may become a role model in BUMDES scale-up efforts to improve the village economy. The limitation of this study is that the implementation of the model is only tested on a very limited number of BUMDES, further research can conduct action research with experiments on a wider sample. Because each BUMDES has different characteristics, the resulting model will be more comprehensive.

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