

Strengthening Village-Owned Enterprises (BUM Desa) and Joint Village-Owned Enterprises (BUM Desa Bersama) with Corporations

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BUM Desa/BUM Desa Bersama has a role as a consolidator of community products/services, producers as community needs, community business incubators, and public service Village-Owned providers who can be contributors to village original income. This phenomenological qualitative research aims to formulate an effective collaboration model between BUM Desa/BUM Desa Bersama and corporations that contains the following substances: 1) Identifying and analyzing the need for collaboration for BUM Desa/BUM Desa Bersama with corporations; 2) Identifying obstacles in collaboration between BUM Desa/BUM Desa Bersama and corporations; 3) Formulating effective solutions in overcoming the obstacles that arise; 4) Finding lessons learned and success factors; and 5) Formulating a collaboration model for BUM Desa/BUM Desa Bersama with corporations. This study found that collaboration between BUM Desa in Malang Regency and Batu City with corporations is only limited to institutions where BUM Desa is an extension of corporate business ventures in rural areas. As a result, the financial income from the collaboration is considered less significant. Profit-oriented economic goals should be prioritized in order to make a relatively significant contribution to the Village Government.

Keywords: *BUM Desa, BUM Desa Bersama, Collaboration, Corporation, Community, Village*

INTRODUCTION

The village has an important position in the territory of the Unitary State of the Republic of Indonesia. Villages become a tool to achieve national development goals and improve the country's economy with different village potentials. Village potential can consist of all natural and human resources utilized for the sustainability and development of the village.

The government empowers village communities through various policies and funding stimulation, one of which is through the formation of *BUM Desa* and *BUM Desa Bersama* stipulated through Law Number 6 of 2014 on Villages (Jaringan Dokumentasi dan Informasi Hukum, 2014). *BUM Desa/BUM Desa Bersama* has a role as a consolidator of community products/services, producers for community needs, community business incubators, and public service providers contributing to village original income. Furthermore, Law Number 11 of 2020 on Job Creation affirms that *BUM Desa* is a legal entity where the manager must apply corporate principles while still placing the essence of kinship and mutual cooperation as the focal strength (Jaringan Dokumentasi dan Informasi Hukum, 2020). The policies and strategies for fostering and developing *BUM Desa/BUM Desa Bersama* is clearly stated in: 1) Law Number 11 of 2020 on Job Creation (Jaringan Dokumentasi dan Informasi Hukum, 2020), 2) Government Regulation Number 11 of 2021 on *BUM Desa/BUM Desa Bersama*, and 3) Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration Number 3 of 2021 on Registration, Data Collection and Ranking, Guidance and Development, and Procurement of Goods and/or Services for *BUM Desa/BUM Desa Bersama* (Jaringan Dokumentasi dan Informasi Hukum, 2021).

In practice, several villages have not been able to utilize their potential optimally and have not provided financial benefits for the village income. In other words, most potential is utilized only to meet daily needs. This is caused by the low level of assets controlled by the village community, the low quality of human resources, the low level of services for facilities and infrastructure in the village, the weak linkages between economic and institutional activities as well as community-based organizations.

Hence, *BUM Desa* or *BUM Desa Bersama* still requires guidance and development from the government and the private sector. The government is obliged to empower village communities through various policies and financial stimulus assistance. One policy that is considered very strategic is encouraging villages to establish *BUM Desa/BUM Desa Bersama*, which are managed in a spirit of kinship and mutual cooperation as stipulated by Law Number 6 of 2014 on Villages (Jaringan Dokumentasi dan Informasi Hukum, 2014). Moreover, the private sector provides development support through *Corporate Social Responsibility* (CSR) Programs which will accelerate villages' development.

Furthermore, Law Number 11 of 2020 on Job Creation emphasizes that the position of *BUM Desa* is an economic business unit in the village that is a legal entity where the management of *BUM Desa* must apply corporate principles while still placing the spirit of kinship and mutual cooperation as the main pillars (Jaringan Dokumentasi dan Informasi Hukum, 2020). With its status as a legal entity, the role of *BUM Desa/BUM Desa Bersama* is increasingly vital as consolidators of community products/services, producers of various community needs, incubators of community businesses, providers of public services, and various other functions. *BUM Desa/BUM Desa Bersama* can be a contributor to the village's original income. If the *BUM Desa/BUM Desa Bersama* management is carried out professionally, this village economic institution may become

a lever for village self-reliance. In other words, to become a unit of livelihood-oriented economic activity

This study aims to formulate an effective collaboration model between *BUM Desa/BUM Desa Bersama* and corporations which includes the following substances: 1) Identifying and analyzing the collaboration needs for *BUM Desa/BUM Desa Bersama* and corporations; 2) Identifying obstacles in collaboration between *BUM Desa/BUM Desa Bersama* and corporations; 3) Formulating effective solutions in overcoming the obstacles that arise; 4) Finding lessons learned and success factors; and 5) Formulating a collaboration model for *BUM Desa/BUM Desa Bersama* with corporations.

The target of this study is to provide *BUM Desa/BUM Desa Bersama* development documents through collaboration with corporations consisting of obstacles, solutions, and collaboration models. The documents can be used in formulating policies, programs, and activities in fostering and developing *BUM Desa/BUM Desa Bersama*.

LITERATURE REVIEW

Definition of *BUM Desa* and *BUM Desa Bersama*

According to Law Number 6 of 2014 on Villages article 1 point 6 and Government Regulation Number 11 of 2021 on *BUM Desa*, *BUM Desa* is defined as a legal entity established by a Village/or along with other Villages to manage business, utilize assets, develop investment and productivity, provide services, and/or provide other types of business for the most excellent welfare of the village community (Jaringan Dokumentasi dan Informasi Hukum, 2014). In cooperation between villages, 2 (two) or more villages can form a *BUM Desa Bersama*. The formation of *BUM Desa Bersama* is carried out through the establishment, merger, or consolidation of *BUM Desa* in accordance with the Laws and Regulations. The business includes activities in the economic sector or public services managed independently by *BUM Desa* business units (Alfiansyah, 2021).

BUM Desa is different from commercial economic institutions or business or corporate organizations. The underlying difference between *BUM Desa* and business institutions is the ownership, the obtained profits' purpose, and the other agency assistance for its development. The existence of *BUM Desa* is not only profit-oriented, but also to support the improvement of the welfare of rural communities (Agunggunanto, Arianti, Kushartono, & Darwanto, 2016). According to Government Regulation Number 11 of 2021 on *BUM Desa*, *BUM Desa* aims at 1) Undertaking economic business activities through business management, as well as developing investment and economic productivity, and village potential; 2) Carrying out public service activities through the provision of goods/services as well as fulfilling the general needs of the Village community and managing Village food barns; 3) Obtaining net profit for increasing Village Original Income (*PADes*) and developing as much benefit as possible on the Village community's economic resources; 4) Utilization of Village Assets to create added value; and 5) Enlarging the Village digital economy ecosystem (Jaringan Dokumentasi dan Informasi Hukum, 2021). *BUM Desa* was established to (1) encourage the development of the Village economy; (2) improve the *PADes*; (3) improve creativity and productive economic business opportunities for low-income Village communities; (4) encourage micro-enterprises development in the informal sector and (5) *BUM Desa* was established based on the needs and potential of the Village which is an initiative of the Village community (Hasan & Gusnadi, 2018).

BUM Desa are expected to create a multiplier effect which can have implications for economic equity. The government wants an even distribution of economic growth that is

bottom up in which all people, including rural communities, are given the opportunity to participate in development. Bottom-up economic growth is seen as effective, because the community is directly involved in economic activities. They become active business actors in producing, distributing, and trading goods and services and strive to overcome problems that arise and learn from experience to become independent and successful business actors.

The Form of BUM Desa and BUM Desa Bersama

Law Number 11 of 2020 on Job Creation, places BUM Desa as a New Legal Entity equivalent to a Limited Liability Company (PT) and BUMN at the national level and BUM Desa at the regional level as explained in the Elucidation of Article 117 of the Job Creation Act (Database Peraturan, 2020). The positive impacts include establishing partnerships between villages, promoting village potential, accelerating rural economic development, and accelerating the success of the National SDGs.

Business Types of BUM Desa and BUM Desa Bersama in Malang Raya

Putra (2015) states that there are 6 (six) business types of BUM Desa. First, the serving type. BUM Desa manages "social business" activities performing public services to the community. Although it does not get significant profits, BUM Desa provides social benefits to the community. In particular, BUM Desa manages the drinking water business, electricity business, and food storage. Second, the banking type. BUM Desa performs "banking business" activities to meet the financial needs of the village communities by providing lower bank interest than loan sharks in villages and conventional banks for instance village banks, credit institutions, village microfinance institutions. Third, the renting type. BUM Desa manages the renting business to serve public needs and increase the village's original income. This type of business has been done so far in many villages, mainly in Java region. For example, tractors rent, party equipment rent, meeting halls rent, shop houses rent, etc. Next, the brokering type. BUM Desa becomes an intermediary institution that connects farmers with the market to sell their products. BUM Desa is able to provide electricity payment services and village markets. Then, the trading type. BUM Desa performs the production business and trades certain products to meet the village community's needs. BUM Desa can also promote the products on a large scale. Examples are ice factories, agricultural products, and agricultural production facilities. Last, the holding type. BUM Desa serves as the parent of business units in the village, where each business unit stands alone. BUM Desa regulates and arranges business units synergistically to grow together. For example, Tourism Villages organize various types of businesses from community groups: food, crafts, arts, lodging, and so on.

Definition of Corporation

The establishment of a company always has clear goals, whether in the short term or long term. The company's main goal in the short term is to make a profit. While long-term goals include providing prosperity for company owners or shareholders and maximizing company value which reflects on the company's stock price.

According to the Great Indonesian Dictionary (Badan Pengembangan dan Pembinaan Bahasa, 2023), a corporation is a business entity or a very large company or several companies managed and run as one large company, and another meaning is a legal business entity. Hence, the corporation is an entity or legal subject whose existence makes a major contribution to increase economic growth and national development. The purpose of establishing a company according to Assauri (1999), in general can be summarized as follows: (1) Producing successfully (2) Producing economically (3)

Producing goods or services on time as well as the delivery (4) Producing with the goal of turning a profit not fulfilling the needs that have been set together.

Corporations can be classified into three, those are Public Corporations, Private Corporations, dan Quasi Public Corporations. The government established the Public Corporation which aims to fulfill administrative tasks in the field of public affairs, for instance, the regency and municipal government. However, Private Corporation is established for private or personal gain which may operate in finance, industry, and commerce. These private corporations whose shares can be sold to the public are referred to as companies that have entered the stock exchange. In the same way, Quasi Public Corporation serves the public interest or public service, or what is the life of many people. For example, PT. Indonesian Railroad, State Electricity Company, and PT Pertamina.

These objectives can be achieved if each company carries out management functions which include finance, marketing, personnel, operations and accounting administration. As long as the management function is carried out correctly, the possibility of experiencing business failure is very small. However, this does not mean that companies that are able to manage their business professionally do not experience problems. This is because a problem always arises which is often unpredictable or out of control.

Collaboration

Collaboration is the creation of collective knowledge where the more companies develop their absorption, the better the results obtained from this collaboration. The focus of collaboration can be internal or external where in internal collaboration, a company with different locations is virtually connected through technological means, to carry out joint work. In internal business collaboration, beforehand the members of the organization or company employees are informed of its goals, hierarchies and processes. Thus, the course of collaboration is expected to be effective and produce beneficial results for both parties.

Collaboration more broadly, namely as a process and management structure in making policies and decisions involve the community constructively across the boundaries of the authority of public agencies, government levels, and the private sector with the aim of achieving common goals. Collaboration is interpreted as a process of organizing or managing institutionally involving several parties. In short, business collaboration is a network between individuals, organizations and business people where mutual cooperation is built through planning to achieve business success. The strength of business collaboration is the acquisition of added value, due to collaboration in business aspects, skills, services, products, and space to encourage new opportunities and strategies to achieve business goals.

There are 3 (three) collaboration types: primary, secondary, and dan tertiary. The characteristics of primary collaboration are groups and individuals merged into one. This type of collaboration is formed naturally in primary groups, more than face-to-face, where people prefer to work in teams rather than individually. On the contrary, secondary collaboration people prefer to work independently and make calculations for their work. This collaboration can be found in trade offices, government, and factories. Next, tertiary type collaboration is based on latent conflicts. The emergence of this collaboration is purely opportunistic or self-serving by ignoring certain fundamental principles. This collaboration is easy to break up if each person's interests are not met. In other words, there is no loyalty and togetherness in this collaboration. Tertiary collaboration generally occurs between workers and company leaders.

Saleh (2020) states that the formation of collaboration between both individuals and institutions is very important. Collaboration can increase organizational flexibility and higher retention rates. Apart from this, collaboration can be used to engage workers to each other, treat employees healthily, organize productive coordinating meetings, position stakeholders more precisely, enhance individual productivity, accelerate business velocity, and increase profitability. For the same reason, collaboration strengthens the creation of top talent and creates creative and innovative ideas. This emphasizes that collaboration is an essential form of cooperation.

RESEARCH METHODS

According to Bungin (in Sari & Prameswari, 2022), qualitative research is needed to gain access to subjects and research objects. This study uses a qualitative research approach. The use is more relevant to answer research questions that require understanding processes in socio-cultural contexts and certain situations to construct factual descriptions based on individual face-to-face knowledge (Creswell, 2003). Besides, qualitative research provides detailed and valuable meaning in smaller cases (Patton, 2002).

Research Design

Phenomenology approach in qualitative research is used to view various perspectives as a philosophy and interpretive theory as well as a framework of research method (Moustakas, 1994). There are three forms in the phenomenological approach, namely: 1) transcendental, 2) existential, and 3) hermeneutic. This study seeks to reveal respondents' understanding of the importance of business collaboration seen from their perspective with regard to desire or unwillingness, constraints or smoothness in carrying out business collaboration processes and other aspects relevant to the purpose of business collaboration. The hermeneutic phenomenological approach looks at the structure and interpretation of textual data/language use which is more appropriate to use in discussing the topic of this study.

This study adopts manifest content which describes important elements or aspects from the respondent's perspective through analysis of interview transcriptions (Kondracki, Wellman, & Amundson, 2002). The qualitative content analysis approach seeks to reveal the motivations and attitudes of respondents towards business collaboration based on the narratives conveyed. Thus, this approach is considered appropriate for this study.

Research Locations

This research was conducted in Malang Regency and Batu City. The criteria are *BUM Desa/BUM Desa Bersama* with superiority, have conducted business cooperation, have more than one business unit, are widely known to the public, and have made a profit.

Based on those criteria, 5 (five) objects of study were selected as follows:

1. *BUM Desa* Gedogwetan, located in Gedokwetan Village, Turen District, Malang Regency;
2. *BUM Desa* Bejo, located in Torongrejo Village, Junrejo – Batu City with the type of business;
3. *BUM Desa* Amanah, located in Karangsono Village, Pagelaran District, Malang Regency;
4. *BUM Desa* Barokah Makmur, located in Kemulan Village, Turen District, Malang Regency;
5. *BUM Desa* Singosari, located in Singosari District, Malang Regency.

Respondents

Sampling was carried out by purposive sampling selected based on certain criteria, in which those who had positions as managers or understood the operationalization and managerial work. Therefore, the selected respondents were the directors of *BUM Desa* and *BUM Desa Bersama*.

Transcription and Coding

The data and information collective method use depth interviews and online FGD. The results of the interviews and FGD were recorded in which questions during the interview were directed towards an attempt to answer the study's objectives. Whereas in the FGD, each participant was asked to explain the concepts of the efforts to build collaboration between *BUM Desa/BUM Desa Bersama* with corporations.

Data Analysis

Data analysis was conducted using a phenomenological approach and content analysis which allowed researchers to examine large volumes of data relatively, easily, and systematically. Phenomenological approach aims to reveal the respondents' experiences in many perspectives. Instead, the content analysis attempts to find out the relationship between categories to reveal the views of respondents related to the topic being discussed.

Data Interpretation

According to Creswell (2003), interpretation requires researchers to find lessons from the data obtained and use knowledge, insight, and intuition to find meaning through transcription and information. The phenomenological approach is to reveal the experiences of respondents through the interpretation of the information conveyed. While content analysis examines the data collected to find units of meaning from the information conveyed related to motivation and attitudes where the aim is to describe the topic being studied and to reveal it into clear and factual information.

RESULTS

Description of the Need for *BUM Desa/BUM Desa Bersama* to Collaborate with Corporations

BUM Desa Gedog Wetan

BUM Desa Gedog Wetan in Gedog Wetan Village, Turen District, Malang Regency began collaborating in 2018. *BUM Desa* acts as an agent of the corporation or the extension of the Corporation's business in rural areas. It assists village communities to save/transfer payments through BNI and Mandiri banking. This similarly helps the community for the payment of health protection through BPJS Ketenagakerjaan. Collaboration with corporations is carried out by the village community's request and is not intended to seek profit. This collaboration thus far is socially oriented; in this case it does not generate significant profits.

The business units within *BUM Desa Gedok Wetan* consist of waste management, savings and loans, village market, soap production (hand washing and herbal detergent), waste management, and Integrated Waste Disposal Site (TPST) and Waste Processing Site (3R). Village Market Management unit as the largest source of revenue provides an annual contribution to the Village Government of Rp 500,000,000. While other business units cumulatively contribute Rp 230,000,000 to the Gedok Wetan Village Government per year.

BUM Desa Amanah

BUM Desa Amanah in Karanguko Village, Pagelaran District, Malang Regency cooperates with banks (BNI and BRI) to help village communities save/transfer funds. Collaboration is also carried out with companies that produce Torabika coffee and Pucuk Daun brand tea on a B2B basis. The remaining collaboration is only in agents-based branchless banking services and based on the bank's offer. It is considered necessary to be linked to one of *BUM Desa's* objectives to help rural communities in the social sector. *BUM Desa Amanah* is expanding the Sumber Maron amusement park and adding more attractions.

The initial business unit of *BUM Desa Amanah* is the management of clean water (drinking water) or the Business Unit of Management Agency – Clean Water Sources (BP-SAB), which is distributing clean water to residents' homes through pipes where they pay an affordable amount. Furthermore, the Sumber Maron tourist attraction is used as a superior business unit that offers waterfall attractions, water clarity, and natural beauty. The Karanguko Village Head acts as an advisor as well as a supervisor for the management of the *BUM Desa*.

BUM Desa Barokah Makmur

BUM Desa Barokah Makmur, in Kemulan Village, Turen District, Malang Regency has collaborated in procuring plant seeds, notably corn and rice seeds with CV. Agri Pertiwi and PT. Sygenta. The form of cooperation is B2B in which *BUM Desa Barokah Makmur* buys agricultural products and animal feed at wholesale prices and resells them to farmers by adding a certain percentage to the selling price as profit (cost-plus pricing). Primarily, this collaboration is mostly carried out between producers and retailers for household products such as soy sauce, sugar, coffee, cooking oil, including cigarettes, snacks and over-the-counter medicines.

The business units within the *BUM Desa Barokah Makmur* includes rice hatchery business unit, fertilizer production, and cattle fodder. Among those three business units, the rice hatchery business unit is designated as a leading business unit considering that the majority of Kemulan Village people work as farmers. In 2020 *BUM Desa Barokah Makmur* contributed Rp 24,000,000 to the Village Government.

The collaboration is only limited to selling products for agricultural needs and animal feed in the form of ready-to-sell (finishing goods) purchased. The plan to collaborate with corporations has never been discussed with the management and there has been no initiation from the Village Head to encourage such cooperation.

BUM Desa Bejo

BUM Desa Bejo, in Torongrejo Village, Junrejo Subdistrict, Batu City, cooperates with banks, namely, BRI, BNI and Bank Jatim. The collaboration with BRI is for the distribution of KUR (Micro Credit Program), with BNI for the transfer of buying and selling payments, and Bank Jatim for the payment of motor vehicle taxes. *BUM Desa Bejo* acts as a banking agent operating in rural areas and receives incentives from the services provided.

Economic business unit which includes Multimedia Business Unit, *Saung Tani*, Online Transactions, Trade, Financing, Production, and *Banyu Rancang*. Among these economic business units, the trading business unit is the pre-eminent business unit which generates the most revenue compared to other economic business units. In 2019 *BUM Desa Bejo* contributed Rp 431,000,000 to the Torongrejo Village Government.

This collaboration is still socially oriented to help the community obtain convenience in dealing with banking. There are no plans to collaborate with corporations because of the internal problems needed to be addressed such as low-level employees, the lack of synchronization of collaboration with the Village Head, and the loss-making business units due to the pandemic. Efforts will be focused on making internal improvements such as improving human resource capabilities, generating profits, and building more harmonious cooperation with the Village Head.

BUM Desa Bersama Singosari

BUM Desa Bersama Singosari has 7 (seven) business units consisting of Savings and Loans Business Unit, Village Internet Network, Pertashop, Retail Stores, Services Unit, Grocery store, and Tobacco Stopper. The superior business unit of *BUM Desa Bersama* is the Tobacco Stopper unit which is considered to absorb a lot of labor from residents around the Singosari District. *BUM Desa Bersama* contribution to the village per year is 30% of net income.

BUM Desa Bersama, in Singosari District, Malang Regency has collaborated with several corporations such as: 1) Bank BNI, BRI and BCA, 2) PT. Pos Indonesia, 3) PT. Mitra BUM Desa Nusantara, 4) GrabMart, 5) PT. Pertamina, 6) Java Digital Nusantara, 7) PT. Bina Area Persada, 8) PT. Barutama Temple. *BUM Desa Bersama* Singosari acts as an extension of the banking business and PT Pos Indonesia. This collaboration is socially oriented to facilitate the public dealing with banking and sending goods packages. *BUM Desa Bersama* Singosari collaborates with PT. Mitra BUM Desa Nusantara in a capital investment for the purchase of merchandise sold at the Supermarket owned by the *BUM Desa Bersama*. The collaboration with GrabMart is an online shopping service providing better service to buyers where the goods will be sent directly to the buyer's house. Cooperation with PT. Pertamina in the form of selling fuel through mini gas stations (Pertashop). Cooperation with Java Digital Nusantara and PT. Bina Area Persada is the sale of internet services using WIFI. While the collaboration with PT. Pura Barutama is the purchase of filter raw materials for cigarettes.

Obstacles and Problems Faced by *BUM Desa/BUM Desa Bersama* in Collaborating with Corporations

BUM Desa does not experience any obstacles or problems collaborating with the corporation since this is limited to agents-based services or extension of the corporate business venture in rural areas. In this collaboration, *BUM Desa* has no risks, and the economic benefits are limited. Therefore, the social goal of establishing *BUM Desa* is fulfilled. Before the collaboration agreement, the corporation asks for a legitimate prerequisite for *BUM Desa* as a legal entity. Fundamentally, this requirement cannot be defined as an obstacle. In business cooperation, the norms for security, the risks that may arise, and the relational bonds of cooperation must have a clear legal basis. The requirement is designated in order to solve the inevitable problem. On the other hand, managerial skills and the ability to build trust in fulfilling duty and taking risks influence the smooth-running of the cooperation. Consequently, no obstacles and problems arise in cooperating with several business actors, even though *BUM Desa Bersama* Singosari is not a legal entity.

Solutions to Overcome Problems that Arise in Collaborating with Corporations

The analysis result can be used as the best alternative in collaborating with corporations which ideally creates a multiplier effect, to be specific, has an effect on increasing the prosperity of the village communities. Cooperation as agents-based services or extension of the corporate business venture in rural areas is socially oriented rather than profit seeking. Thus, the virtue of this collaboration is to make rural communities perceive

that the existence of *BUM Desa* provides benefits for further development. The drawback is that *BUM Desa* does not earn enough profit by carrying out its function as a corporate agent and does not get other benefits for its business development.

A B2B collaboration is a transaction form between producers and wholesalers, or wholesalers and retailers. Thus, B2B refers to business conducted between business actors, not between companies and consumers or users (*in users*). This collaboration is common and has been widely practiced, especially for the sale of household products by shops with wholesalers or producers.

The plus point of this collaboration is not strict and effective, especially if the product is well known and has a lot of demand because of its good quality (*branded*). The drawback of B2B cooperation is the limited selling price by the manufacturer or wholesaler. This leads to retailers not being able to increase profits by selling above the price set by the village community in meeting their needs.

Lesson Learned and Success Factors in Running a Business in Rural Areas Conducted by *BUM Desa/BUM Desa Bersama*

The lesson learned concept is interpreted as knowledge gained from experience that must be actively taken into account in future actions in relation to running a business in rural areas through *BUM Desa/BUM Desa Bersama*. The village and rural areas have many perspectives on the meaning in the view of sociologists. A village indicates an area or territory inhabited by a tribe or community and has certain rules. Thus, a rural area can consist of one village or several villages.

The success factors of *BUM Desa/BUM Desa Bersama* which run its business in the Village are based on the results of desk studies of several journals that examine the role and existence of *BUM Desa/BUM Desa Bersama* in improving the welfare of the village community can be explained as follows: 1. Ability of *BUM Desa* and *BUM Desa Bersama* managers in seeing the potential that can be utilized into economic value. This means when utilized, this potential can generate demand or have market appeal; 2. Business units located within the *BUM Desa/BUM Desa Bersama* produce products (goods or services) requested by the villagers to meet household needs or to meet their business needs; 3. The location of *BUM Desa/BUM Desa Bersama* is in a geographical area where the majority of the people are prosperous. Thus, the goods and services offered are varied or the market potential is quite broad; 4. *BUM Desa/BUM Desa Bersama* managers have managerial and leadership skills; 5. Ability to collaborate with corporations as suppliers of raw materials, semi-finished goods (processing goods), or finished goods where the production process is carried out by villagers; 6. Ability to utilize information and communication technology in promoting the products.

DISCUSSION

BUM Desa aims to achieve social goals and not necessarily maximize profits. *BUM Desa* also primarily increases productive economic activities by seeking other business opportunities to increase *BUM Desa* and village income (Sari & Prameswari, 2022). The results of this study reveal that most of the cooperation owned by *BUM Desa* in Malang Regency and Batu City with corporations is only limited to institutions where *BUM Desa* is an extension of corporate business ventures in rural areas. As a result, the financial income from the collaboration is considered less significant. Hence, it is said to be the social goal of *BUM Desa*. This form of cooperation is not a problem because *BUM Desa* represents corporate interests and acts according to directions. *BUM Desa* also do not make policies and decisions that can increase their profits. This collaboration is not

entirely detrimental to the BUM Desa, but it does not contribute much to and influence the economy to improve the welfare of the village community. Therefore, an important thought to be developed is to build a village potential-based economic business unit that village communities have not widely utilized or that no villagers have managed at all so that it does not cause resistance among the village community and is considered not to harm their interests or not cause business competition and more of their products are marketed outside the village. BUM Desa/BUM Desa Bersama, besides having a social objective, namely, helping to meet the needs and conveniences of the village community regarding their livelihoods. Profit-oriented economic goals should be prioritized. The underlying reason is that if BUM Desa/BUM Desa Bersama can make a relatively significant contribution to the Village Government, these funds can then be used to build facilities and infrastructure that drive the economy in the village. Thus, the wheels of the economy in the village will move quickly and grow new businesses, all of which will have implications for increasing the welfare of the majority of the village community.

CONCLUSION

The conclusion can be used as a basis for developing profitable economic business units of *BUM Desa/ BUM Desa Bersama* in the future. The problems in *BUM Desa* are mostly internal and the solvency takes a long time. The basic assumption guiding *BUM Desa/BUM Desa Bersama* to develop and contribute Village Original Income is to have a business mindset among the managers, understand the risks of the decisions made, have the commitment, and desire to take advantage of collaboration opportunities with the corporation. These assumptions can be realized through training on mindset changes, understanding how a business should be run, controlling business risks and building mutually beneficial business collaborations with corporations.

In conclusion, further studies are necessary to reveal the success and failure of *BUM Desa/BUM Desa Bersama* which have similar business units. The findings of the study are important for formulating programs and policies related to facilitation and support for *BUM Desa/BUM Desa Bersama*. Based on the findings, the selection and determination of Government assistance, whether in the form of financial or coaching, will be more compelling. For this reason, the impact of the assistance can be predicted on the increase in the existing economic business unit's development and the profits obtained in the future.

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DECLARATION OF CONFLICTING INTERESTS

The authors have no conflicts of interest to declare. All co-authors have seen and agree with the contents of the manuscript and there is no financial interest to report. We certify that the submission is original work and is not under review at any other publication.

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