

## Optimizing BUMDes in Improving the Village Economy through Creative Ideas

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### Abstract

Many people are experiencing economic difficulties due to decreased income and have lost their jobs, so they no longer have the income to meet their financial needs in the Koto Ranah Traditional Village, Koto Besar Dharmasraya. So, in this case, BUMDes is needed to mobilize village potential and assist in poverty alleviation efforts. The purpose of this service activity is to optimize seven Business Units, namely public service units, leasing units, intermediary units, trading units, finance and loan units, joint business units, and contractor or developer unions in the Koto Ranah Traditional Village to deal with the economic crisis that occurred. The results of the dedication stated that the Trading Unit of the Koto Ranah Sakti BUMDes made a breakthrough by helping the economy through the sale of LPG Gas and Mineral Water at affordable prices, where LPG Gas and Mineral Water are important basic needs in every household that are needed and used every day. With the KKN program, by empowering BUMDes, Koto Ranah Sakti can continue to manage the community's economy amid a pandemic, not so that BUMDes can develop more advanced.

### Keywords

eradication; money changer; optimizing; village economy



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## 1. INTRODUCTION

Villages are one of the important components in the economic structure of a country. In many countries, including Indonesia, the economic potential of villages is often not fully optimized. Many villages in Indonesia still face challenges in developing their economies (Syabani, 2021), (Hasibuan et al., 2022). One of the efforts made to overcome this problem is to optimize Village-Owned Enterprises (BUMDes). BUMDes are economic institutions owned by villages and aim to improve the welfare of rural communities through various business activities (Wibisono & Panuntun, 2020). In this context, this article will discuss how creative ideas can be used to optimize the role of BUMDes in improving the village economy.

The importance of optimizing the role of BUMDes in the village economy cannot be ignored. BUMDes can be the main driver in creating jobs, increasing community income, and reducing economic disparities between villages and cities (Citaningati, et al., 2022). However, in carrying out their functions, BUMDes also need to face various challenges, such as limited resources, lack of access to capital and technology, and lack of creative ideas to develop businesses (Behnamnia et al., 2020), (Jayani et al., 2022). Therefore, this article aims to explain how creative ideas can be a solution in optimizing the role of BUMDes in improving the village economy. Creative ideas can include various things, such as product and service innovation, smart use of local resources, village tourism development, partnerships with the private sector, and the application of digital technology in business activities.

Village-Owned Enterprises or better known in the community, are BUMDes. BUMDes are legal entities established by the village or together with Villages to manage Village business assets, utilize assets, develop investment and productivity, provide public services, and provide other types of businesses for the welfare of the community Desa (Lewaherilla et al., 2022), (Aini & Adianto, 2023). BUMDes were established to strengthen the economy formed based on the village's potential. The benefits of the establishment of BUMDes are to help the community's economy (Caya & Rahayu, 2019), (Sakir, et al., 2023). Village The regulation has been regulated in the Government Regulation of the Republic of Indonesia Number 11 of 2021 (PP 11 of 2021) concerning Village-Owned Enterprises signed by President Joko Widodo (Jokowi) on February 2, 2021 (Wahyuni, Kusuma, Mursyidah, & Muslih, 2023). Village regulations determine the establishment of Village-Owned Enterprises, the management of BUMDes consists of Village Governments and Village Communities

and the capital of BUMDes comes from Village Governments, assistance from the Provincial Government and City or Regency Governments, or the participation of other parties' capital or profit-sharing cooperation on a mutually beneficial basis (Pitria, 2021), (Wahyuningtyas, 2021). The existence of BUMDes is needed to mobilize the potential of the village and can help in poverty alleviation efforts. BUMDes needs to develop so that established BUMDes can function by their roles. BUMDes themselves have a clear goal: to create an equal distribution of business fields while increasing community income.

In the post-Covid-19 pandemic, many people experienced economic difficulties due to decreased income and lost their jobs, so they no longer have the income to meet their financial needs (Syahrial, 2020). In Koto Ranah Traditional Village, Koto Besar, Dharmasraya, many people work in the tourism sector. Many tourism employees of Koto Ranah Traditional Village have decreased income due to the absence of tourists visiting Indonesia, especially in West Sumatra Province. With this problem, BUMDes Koto Ranah Sakti got around to selling LPG Gas and Water at affordable prices to help the community's economy, especially those affected by Covid-19.

LPG Gas and Mineral Water are important basic needs in every household that are needed and used daily. Why LPG Gas and Mineral Water are the objects because LPG Gas is used every day for cooking. In this modern era, it is very rare for housewives to cook using firewood cooking with LPG Gas; of course, cooking will be faster and easier, no need to be complicated. God's creatures life, especially humans, need to drink water every day, such as finishing eating and doing activities. Therefore, LPG Gas and mineral water are required for everyday life. The business capital spent to sell LPG Gas and Mineral Water is also not that large, so anyone affected by covid can immediately open a small business.

In this article, we will outline some real-life examples of creative ideas successfully applied to improve the village economy through BUMDes. We will also identify the factors that support the successful implementation of these creative ideas and provide some practical recommendations for BUMDes managers and village governments in harnessing this creative potential.

Previous research has highlighted the important role of BUMDes in improving the village economy and significantly contributing to local economic development. Several studies have been conducted to identify and reveal the role of creative ideas in optimizing BUMDes. For example, a study in Indonesia shows that BUMDes that apply creative ideas in developing their products and services can generate higher

incomes and increase the involvement of rural communities in economic activities (Kasila & Kolopaking, 2018). This research emphasizes the importance of innovation in developing unique and differentiated products to meet the needs of growing markets. In addition, research in Indonesia also reveals that smart and creative use of local resources can increase the competitiveness of BUMDes. This research highlights the importance of developing superior products that use local raw materials and have village characteristics (Susanti, et al., 2021). This not only increases the added value of the product but also gives the village a strong identity.

Another study conducted by Su et al. (2017) in China also suggests that the development of village tourism through creative ideas can increase the income and welfare of rural communities. This research emphasizes the importance of developing unique and authentic tourist attractions and utilizing the cultural and natural heritage of the village. Furthermore, research by Chen and Li (2019) in Taiwan highlights the importance of partnerships with the private sector in optimizing the role of BUMDes. This research reveals that collaboration with local companies and entrepreneurs can help improve access to capital, technology, and a wider market for BUMDes (Hidayah, Mulatsih, & Purnamadewi, 2019). In order to optimize the role of BUMDes, these studies show that creative ideas play a crucial role in improving the village economy. These creative ideas cover various aspects, including product and service innovation, utilization of local resources, tourism development, and partnerships with the private sector (Fuadi, Akhyadi, & Saripah, 2021). By utilizing this previous research, this article will dig deeper into how to optimize BUMDes through creative ideas to improve the village economy.

Thus, through this article, it is hoped that readers will better understand the importance of creative ideas in optimizing the role of BUMDes in improving the village economy. This article is also expected to inspire BUMDes managers and village governments to create innovative steps to achieve sustainable economic development at the village level.

## 2. METHOD

The method used in implementing this PKM program is the mentoring method or PAR (*Participatory Action Research*). Salviana et al. (2022) explained the PAR method, where this method functions as an observer and model developer. More thorough practice characteristics are used for PAR. In PAR, community members (BUMDes) try to study a problem scientifically to guide, improve, and evaluate their decisions and

actions. This approach allows all elements of BUMDes to actively participate in the mentoring process. By actively participating in mentoring, it is hoped that the mentoring process can run optimally, where the problems of BUMDes management are clarified, and joint solutions are sought during the implementation of solutions in addition to the information transfer process. The assistance to BUMDes aims to help BUMDes members manage businesses in order to get benefits that can improve the community's economy.

The implementation of mentoring at BUMDes is divided into 2 stages which are carried out for 4 weeks, starting from the preparation stage for 2 weeks and the implementation stage for 2 weeks. The preparation stage is a stage that aims to formulate the problems faced by BUMDes today. Based on the formulation of the problem, a working group is then formed and is responsible for the activities and achievements to be achieved. In the preparation stage, this is done through *Focus Group Discussion* (FGD). Furthermore, the second stage is the Implementation Stage. The Implementation Phase begins with 1) Making Organizational Governance, Finance and Credit, 2) Socialization and Learning of BUMDes with the Koto Community, 3) Education and Training, 4) Assistance for 4 weeks to BUMDes. Then the last stage carried out is the Evaluation and Follow-Up Stage.

The work program and methods carried out are:

1. Marketing by providing prices that are quite affordable but still quality goods, and preparing delivery services for people living in the Koto Ranah Traditional Village area. BUMDes will also supply through online and offline media and offer stalls in the Koto Ranah Traditional Village area at more affordable prices. With that, of course, people will be more interested in affordable prices and delivered to the front of people's homes. The community is also educated about selling LPG Gas and Water in difficult times like now. People who want to sell LPG Gas and Water will be given capital loans to open small businesses. In marketing to sell LPG Gas and Affordable Water, the target community is the people of Koto Ranah Traditional Village, especially those who experience economic difficulties in the post-pandemic period due to a decrease in their income.
2. Conducting the Observation Method is one of the methods used by researchers in the process of searching for secondary data through a qualitative approach at

BUMDes Koto Ranah Sakti and to the Koto Ranah Indigenous Village Community.

3. Doing the Socialization Method is one method that is done by interacting and communicating to provide education on how to market the product you want to sell.

### 3. FINDINGS AND DISCUSSION

The results of observations are made by researchers at BUMDes Koto Ranah Sakti to serve the community in the form of selling LPG Gas and affordable water. This subject refers to the entire community of Koto Ranah Traditional Village, which aims to help the economy of people affected by covid, it is hoped that the sale of LPG Gas and affordable water will help the people of Koto Ranah Traditional Village meet their daily needs. The process of observation can be illustrated in the following table:

Table 1. Achievement Before and After Activities

No	Before the Activity	After the Activity
1.	People do not know that BUMDes sell LPG Gas and Water affordably.	People know that BUMDes sell LPG Gas and Water affordably.
2.	The lack of public interest in buying because the location of BUMDes is quite far from the community.	The community is very interested because services are ready to deliver to the front of people's homes.
3.	Lack of public awareness to open business opportunities in the post-pandemic period.	People want to borrow capital from BUMDes for businesses selling LPG Gas and Water.
4.	Lack of developments regarding online media sales	People began to learn to use online media for marketing.



Figure 1. Savings and Loan Unit of BUMDes Koto Ranah Sakti



Figure 2. Trade Fruit BUMDes Koto Ranah Sakti



Figure 3. BUMDes Koto Ranah Sakti Basic Food Shop

Population services aimed at all communities, both indigenous people and domiciled in the Koto Ranah Traditional Village area, which has seven business units that will help the people of Koto Ranah Traditional Village, are as follows:

1. Savings and Loans Unit, where in this service BUMDes Koto Ranah Sakti provides voluntary, monthly, term, and credit savings.
2. Trading Unit, where in this service BUMDes Koto Ranah Sakti provides goods and services for the goods sold, namely ATK, Vegetables, Aqua Products, LPG 3Kg, LPG 12Kg, Basic Food, Rice Box & Snack, and many others. BUMDes serve courier services, copy photos, advertising, tax consultants, etc.
3. Rental Unit, where this service provides rental of goods needed by the community.
4. General Unit, where this service provides all the services needed by the surrounding community.
5. Unit Perantara, which provides intermediary services for the sale and purchase of necessities.
6. Unit Joint Enterprise, with joint capital and done jointly with profits to be shared together
7. Contractor Union Unit or Development Unit, including financial development, land needs, and housing.

The Thetimation of BUMDes in improving the village economy through creative ideas involves several important aspects that must be considered. Some things that can be done (Heryati, 2019): (1) Product and service development potential: one important aspect of BUMDes optimization through creative ideas is the development of innovative products and services. Analysis can be performed to identify product and service development opportunities that are unique, different, and in accordance with market needs and preferences. It is also necessary to pay attention to differentiating BUMDes products and services from competitors to create significant added value. (2) Utilization of local resources: by identifying local resources that can be utilized creatively by BUMDes. This could include local raw materials, traditional craftsmanship, cultural heritage, or the natural beauty around the village. It is important to explore innovative ways of utilizing these resources to develop products and services that are unique and attractive to the market. (3) Development of village tourism: one way to optimize BUMDes is through the development of the village



tourism sector. Analysis can be carried out to identify village tourism potential that can be managed creatively. This includes tourist attractions, the development of homestays or inns, the development of local handicraft products, and the effective promotion of village tourism.

The author also analyzes ways to involve local communities in tourism activities to experience greater economic benefits. (1) Partnership with the private sector: to understand the potential of partnerships with the private sector in optimizing BUMDes. This involves identifying sectors or companies that share a common vision with BUMDes and ways to forge mutually beneficial partnerships. Partnerships with the private sector can provide access to capital, technology, markets, and broader business knowledge, which can help BUMDes to grow and thrive. (2) Application of digital technology: by involving the application of digital technology in the operation and marketing of BUMDes. The use of digital technology can improve operational efficiency, increase visibility, and market access, and help BUMDes in developing sustainable business models. It is important to analyze the potential of digital technologies that can be applied in the context of BUMDes, as well as the challenges and opportunities associated with their application. In this analysis, it is important to involve relevant data and information as well as look at existing examples of cases and related research. This will provide a deeper understanding of the potential and strategies that can be used to optimize BUMDes in improving the village economy through creative ideas.

Creative ideas have a significant role in improving the performance and contribution of BUMDes to the village economy. The use of creative ideas in product and service development, utilization of local resources, development of village tourism, partnerships with the private sector, and application of digital technology can provide competitive advantages and growth opportunities for BUMDes. The development of innovative products and services through creative ideas can increase market attractiveness and expand market share for BUMDes. By understanding market needs and preferences, BUMDes can produce unique, quality products and services with significant added value. Creative utilization of local resources can be a source of comparative advantage for BUMDes. By optimizing the potential of local resources, such as local raw materials, traditional craftsmanship, or cultural heritage, BUMDes can create added value and strong product differentiation.

The development of village tourism through creative ideas can increase village income and create new jobs. By identifying potential tourist attractions, developing tourism infrastructure, and involving local communities in tourism activities,

BUMDes can be a prime driver in the development of sustainable village tourism. Partnerships with the private sector can provide BUMDes with access to capital, technology, markets, and broader business knowledge. By establishing mutually beneficial partnerships, BUMDes can increase operational and marketing capacity, as well as expand their business networks. The application of digital technology in the operations and marketing of BUMDes can increase efficiency and competitiveness. The use of digital technology in product management, marketing, and distribution can help BUMDes achieve better operational efficiency, increase visibility and market access, and create added value for customers. So, research shows that creative ideas are important in optimizing BUMDes in improving the village economy.

#### **4. CONCLUSION**

With this activity, the role of BUMDes Koto Ranah Sakti in getting around the community's economy through the sale of LPG gas and affordable water has been held. It is hoped that this activity program can be sustainable in terms of the community, environment, and economy. In addition, if this program is continued by BUMDes Koto Ranah Sakti, it is expected to increase sales of affordable staples such as rice, sugar, oil, coffee, and other staples. Where this can help the economy of the people of Koto Ranah Traditional Village because there is already a breakthrough as a plan for this program, it is hoped that BUMDes can also help the people of Koto Ranah Traditional Village in terms of health and education. With this, it is hoped that later Koto Ranah Traditional Village, Koto Besar District, Dharmasraya Regency will be able to become a developed village and always empower all people of Koto Ranah Traditional Village. The use of creative ideas in optimizing BUMDes has the potential to improve the village economy. Creative ideas can help BUMDes develop innovative products and services, utilize local resources smartly, develop village tourism, forge partnerships with the private sector, and implement digital technology. By implementing these strategies, BUMDes can create jobs, increase income, and reduce economic disparities in villages. The weakness of this community service research is that the community still needs to adapt to this change, and it takes time while the service time is limited. Recommendations for further service, the community should always be reminded and invited to be more aware of the progress of their village.

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