Leadership Capacity Building in Starting a Village-Owned Enterprises (BUMDES) Business in Bengkal Village, Kranggan, Temanggung, Central Java

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Abstract. Village-Owned Enterprises (BUMDES) in Bengkal Village, Kranggan District, Temanggung Regency, Central Java, have been formally established since 2016 but only started activities in 2021 by updating BUMDES managers and equipping BUMDES with Village Regulations. There is a problem in managing BUMDES, namely managers' weak human resources ability. Pioneering a BUMDES is hard work that requires strong leadership and motivation to face all problems and obstacles in the management of BUMDES. BUMDES managers in Bengkal Village still need to strengthen these leadership and motivation abilities. Therefore, the solution to this problem is by empowering BUMDES, especially in leadership training and motivation for BUMDES managers. The objectives of this activity are 1) to identify the obstacles and challenges faced by BUMDES managers, 2) to improve the leadership skills and motivation of BUMDES managers, and 3) to improve the problem-solving ability of BUMDES managers. Thus, there are several activities in this PKM Program, namely 1) Focus Group Discussion in identifying obstacles and challenges for BUMDES, 2) training on leadership and motivation for BUMDES managers, and 3) training on problem-solving for BUMDES managers. This activity involves BUMDES managers, village officials, business unit actors, and village youth.

Keywords: Leadership, capacity building, BUMDES

1 Introduction

Based on Law Number 6 of 2014 concerning Villages [1], Village-Owned Enterprises (BUMDES) are business entities whose entire or majority of the capital belongs to the Village through direct participation derived from separated Village wealth to manage assets, services, and other businesses for the maximum welfare of the Village community. The number of BUMDES continues to grow. However, from all villages in Indonesia, only 45,233 BUMDES (79%) are active, and 12,040 BUMDES (21%) are inactive [2]. BUMDES managers strongly influence the active/absence of BUMDES. Whether or not BUMDES is active is greatly influenced by the BUMDES manager [3], [4]. There are various causes for BUMDES inactivity, namely the choice of business units that are not appropriate, the selection of BUMDES managers who are not suitable, BUMDES managers who do not focus on their duties, and millennials not being involved in BUMDES businesses [5]. Weak

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managerial capabilities, abuse of authority, and incomprehension of BUMDES also contribute to the inactivity of BUMDES [6]. In addition, several studies also show that not all BUMDES can develop and provide benefits [7]. Leadership style also contributes to the progress of BUMDES [8]. BUMDES 'Berdikari Bengkal' was established in 2016. The establishment of BUMDES at that time was more top-down and followed the trend of forming BUMDES, so it was not following the community's needs. Although BUMDES has been formed, there has been no BUMDES activity. Then in mid-July 2021, a restructuring and reorganization of BUMDES was carried out with a new structure and management. With the new management, BUMDES in Bengkal Village began to be active.

Building Village Regulations on BUMDES and AD / ART BUMDES strengthens BUMDES institutions. The organizational structure of BUMDES Berdikari Bengkal consists of advisors, supervisors, directors, secretaries and treasurers, and three business unit coordinators. The three coordinators are the trade business coordinator, rental service business coordinator, and industry service coordinator, per the business units. However, until now, the three coordinators have yet to have a clear main task and function. There are several businesses that BUMDES Berdikari Bengkal pioneered under AD ART BUMDES, namely household waste services, production and marketing of healthy rice, and rice milling business.

Household waste services are still social services and still need to be profit-oriented. Because there needs to be public awareness of household waste management, BUMDES services in waste management are only at the level of sending waste to the final landfill, so it is more service-oriented than profit. Healthy rice production and marketing are also facing obstacles, volatile rice production. Based on interviews with BUMDES managers, there needs to be factual data on the production and marketing of healthy rice. However, healthy rice production needs to be higher than demand due to farmers' low interest in growing organic rice. The plan is to open rice mills, one house, and one banana tree program to produce bananas from unproductive agricultural land and to open agricultural edu-tourism for school children.

To realize the programs and business units that BUMDES will carry out, they must be done with hard work and continuous efforts. They also require leadership ability to organize all the potential in Bengkal village. Although the BUMDES structure has been formed, the BUMDES organization still needs to run. Only some structures have yet to carry out their mandated functions. They need transformative leadership skills and innovations in realizing BUMDES as a business unit that plays a role in improving community welfare. From this situation, BUMDES Berdikari Bengkal has several problems: it still needs to improve the leadership ability and motivation of BUMDES Berdikari Bengkal managers. The structure of BUMDES is not run by their respective functions. There are six principles in the management of BUMDES, namely cooperative, participatory, emancipative, transparent, accountable, and sustainable [9]. The implementation of these principles requires strong leadership and motivation from BUMDES managers. This service activity aims to increase the motivation and leadership of BUMDES managers and village officials.

2 Methodology

To solve the problem of BUMDES 'Berdikari Bengkal,' it is necessary to increase the human resource capacity through training on Leadership and Motivation of BUMDES managers, which includes: Identifying the constraints and challenges faced in managing BUMDES and leadership training to increase the leadership and motivation of BUMDES managers with indicators of the ability to map and solve problems (obstacles and challenges) faced in developing BUMDES through pre-test and post-test. Efforts to increase the leadership and motivation of BUMDES managers are significant because of the ability of its managers to influence the improvement of BUMDES [10]. The governance capabilities of
BUMDES include planning, implementation, evaluation, and monitoring based on the principles of good governance, which are participatory, transparent, and accountable. The challenges in building and developing BUMDES are enormous. Three capacities determine the village's success: political and leadership capacity, process and bureaucratic capacity, and social and environmental capacity [11]. Meanwhile, inhibiting factors include the need for more public awareness and the lack of ability of BUMDES administrators in financial management [12]. In addition to general governance capabilities, BUMDES business planning is a significant aspect of strengthening BUMDES.

A *business plan* is a document prepared to prepare the elements needed to start a business, both internal and external [13]. The progress of BUMDES is also influenced by the business approach used [14], so the function of BUMDES is to carry out social and commercial roles [15]. Ach Research [16] also shows that institutional governance affects the success of BUMDES businesses. Other studies show several factors supporting the success of BUMDES, namely infrastructure, management policies, guidance, and supervision. With the business unit planning, the business unit developed by BUMDES becomes more focused by considering various aspects of risk, opportunities, and opportunities in business development. Planning, coaching, and supervision are organizational functions whose success is inseparable from the leader's capacity [17], [18]. Therefore, based on these various studies, leadership improvement activities and motivation of BUMDES managers become very relevant.

The stages or steps in implementing the solutions offered to overcome the problems of BUMDES Berdikari Bengkal in 2023 are as follows:

1) Problems in the field of management include:
   - FGD with village officials and BUMDES managers regarding identifying problems (constraints and challenges) in business management
   - Problem-solving training
   - Leadership Training and motivation for BUMDES managers

### 3 Results and Discussion

There is a series of community service activities:

1. The Focus Group Discussion. This FGD was attended by 15 participants from Village Heads and Village Officials, BUMDES Managers in Bengkal Village, and elements of the Village Representative Body (BPD). FGD aims to identify Partners' problems, especially in the planning and development of BUMDES in Bengkal Village. From the results of the FGD, several businesses that were pioneered by BUMDES and the concept of BUMDES in these efforts were identified. Household waste management business and the production and distribution of healthy rice have begun to run, although yet to be profitable.

![Picture 1. FGD on Identifying Problems in Starting a BUMDES Business](image)

Meanwhile, efforts to build village tourism are still in pioneering. The problem faced at the beginning of this pioneering was the problem of human resources, mainly how to...
involve all community elements in building agricultural village tourism in Bengkal village. FGD participants were very enthusiastic. With Village-Owned Enterprises (BUMDES) the village can develop its own human resource and be beneficial to society [19], [20]. In this case, the Village-Owned Enterprises (BUMDES) can bring and accommodate the Potential sector in the village area and can do the Production and Distribution of their local product [21]. The identification result of the human resources problem is shown in Table 1.

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>The Problem</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household Waste</td>
<td>-Public awareness in sorting waste</td>
</tr>
<tr>
<td>Management</td>
<td>-Improving management capabilities</td>
</tr>
<tr>
<td></td>
<td>-increasing work motivation</td>
</tr>
<tr>
<td></td>
<td>-Improving leadership capabilities</td>
</tr>
<tr>
<td>Production Healthy</td>
<td>-Improving management capabilities</td>
</tr>
<tr>
<td>Rice</td>
<td>-Increasing work motivation of BUMDES</td>
</tr>
<tr>
<td></td>
<td>manager and farmer</td>
</tr>
<tr>
<td>Village Tourism</td>
<td>-Increasing public participation</td>
</tr>
<tr>
<td></td>
<td>-Business plan capabilities</td>
</tr>
<tr>
<td></td>
<td>-Improving leadership capabilities</td>
</tr>
</tbody>
</table>

Source: FGD

In general, the problems in starting and managing BUMDES business units in Bengkal Village are how to improve managerial and leadership skills for managers and how to increase public participation and awareness to get involved and contribute to BUMDES businesses. This problem is a challenge for BUMDES managers.

Village-Owned Enterprises (BUMDES) have a vital function in the local economy sector [22]–[24] for example: First, improving the welfare of village communities means that with Village-Owned Enterprises (BUMDES) villagers can improve and participate in the local production sector. Second, improving the village economy means that Village-Owned Enterprises (BUMDES) can improve the village income and distribute the village products. Third, increasing village community participation in the development means that local villagers' participation can impact the effect of community service.

2. Leadership and Motivation Training. This training was held on Saturday, March 4, 2023, at Badran Village Hall, Kranggan District, Temanggung Regency. There were 25 participants consisting of elements of village officials, BPD, BUMDES managers, and Karang Taruna [25], [26]. This training started at 08.00 am until 12.00 pm, with three training materials. In the first session, team building training was carried out on how to build a solid team, especially in the BUMDES business unit. This team-building training is based on identifying problems in managing BUMDES, where building a solid team is still an obstacle for BUMDES managers. In addition to managing BUMDES is not their primary job, managers' ability is also very diverse, so it requires a solid team-building effort.

In the second session, leadership communication training was conducted which was followed by the third with material on building motivation in building villages. This training was accompanied by role-play related to team building and communication and how to solve problems that could interest participants [27]. This training emphasizes building a solid team with a problem-solving approach. The training participants were divided into several groups, and each group discussed their problems and how to overcome them. This method not only trains in solving problems but also how to find meeting points from the differences that arise.

The key to organizational development is communication. Thus, through discussions and role-playing, the communication skills of each participant are also practiced. These sessions were accompanied by ice-breaking, so participants remained focused on the training material.
After the training, an evaluation was carried out on the implementation of the training by the participants, and the results were as follows:

Based on feedback from participants, all welcomed this activity. Participants thought the training was enjoyable (48%), fun (32%), and enthusiastic (20%). In addition to opinions regarding the training, the participants suggested that this activity be continued in the future with other trainings.

4 Conclusions

Increasing the capacity of BUMDES managers' human resources in community service is carried out with two activities, namely identifying human resource problems in managing BUMDES business units and leadership and motivation training. Through the FGD, participants understand human resources problems in running the BUMDES business unit. In addition, leadership and motivation training, accompanied by role-play and ice-breaking, further breaks the ice and makes interpersonal relationships in managing BUMDES closer. Through this training to increase leadership and motivation, participants became more
optimistic about managing BUMDES in Bengkal village. At the very least, interpersonal communication can improve, increasing all participants’ motivation and problem-solving abilities. Therefore, this training activity is successful.

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