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BUMDES AND ASEAN ECONOMIC COMMUNITIES IN DEVELOPING RURAL ECONOMY

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ABSTRACT

The writing aims answer the challenges of Asean Economic Community (AEC) with improving the role of rural economy through BUMDES (Badan Usaha Milik Desa) as one of the things to be disconnected chain of poverty in rural areas as well as preparing institutional innovative towards the AEC. Innovative institutional BUMDES that has been initiated by BUMDES in the village of Gondowangi is to apply the principle of commercialization but still hold on values of humanity, transparency and also accountability.

The presence of AEC brings opportunities at once a threat to rural economy. The rural commercialization that has been the direction of government policy throughout the 1950s to 2000s has not achieved significant results because it is not in accordance with the characteristics of rural communities. The process of agricultural commercial growth precisely pinches the farmers on two pressures at once, the increasingly urban biased government policy and the two market pressures (controlled by business actors). Therefore, in the face of the Asean Economic Community (AEC) which means the market is present everywhere including in rural areas then this is a threat from the AEC in rural communities.

As an opportunity, BUMDes should be able to build institutional and social capital by building networks that occur among villagers, village government, central government, intellectuals and investors while providing trust among stakeholders by preparing rules of the games, which sided with the village community. In other words, the market with the commercialization principle through the AEC is not faced with face to face with individuals in rural communities but must deal with the institutions through BUMDes by building a strong social capital without ignoring the role of village leadership as agents of change.

Keywords : Asean Economic Community, BUMDes, instututional, social capital.

1. INTRODUCTION

Indonesia has welcomed the implementation of the free market of Southeast Asia or so-called Asean Economic Community (AEC) in 2015 ago. In the Asean Economic Community (AEC), ASEAN has agreed on priority sectors to the moment, namely seven sectors of industrial goods and five service sectors. To assist in achieving ASEAN

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economic integration through the AEC, AEC Blueprint was created which contained four main pillars, namely: (1) ASEAN as a single and single production-based market supported by a free flow element of goods, services, investments, educated labor and more capital flows free; (2) ASEAN as an area of high economic competitiveness, with elements of competition rules, consumer protection, intellectual property rights, infrastructure development, taxation, and e-commerce; (3) ASEAN as an area with equitable economic development with elements of small and medium enterprise development, and ASEAN integration initiatives for Cambodia, Myanmar, Laos and Vietnam countries; and (4) ASEAN as a region fully integrated with the global economy with elements of a coherent approach to economic relations outside the region, and increasing participation in global production networks. With the enactment of MEA 2015, it means ASEAN countries agree on the realization of regional economic integration whose implementation refers to AEC Blueprint. AEC Blueprint is a guide for ASEAN Member States in realizing AEC 2015 (Wangke, 2015).

Indonesia's readiness in welcoming the Asean Economic Community should not be separated from the role of the rural economy. Rural economy should be grown considering the Indonesian gini coefficient index in 2016 and then in the score of 0.4. The high score of the gini coefficient index is due, among others, to the striking gap between the rural and urban economies. The gap is due to the large number of Indonesians residing in rural areas but not followed by an increase in the village economy. Therefore, increasing the role of the rural economy through the Village Owned Enterprise is one of the things to break the rural poverty chains while preparing innovative institutions towards the AEC. This issue begins to attract public attention because BUMDes is projected by the government to be a new economic power in rural areas. BUMDes can accommodate partnership efforts between village government and village community that prioritize the spirit of mutual cooperation and independence and realize the prosperity and prosperity of the village community. To achieve these noble ideals, some legal products are applied to umbrella BUMDes, among others, Law No. 6 of 2014 on Village and Permendesa No. 4 of 2015 on Establishment, Management and Management and Dissolution of Village Owned Enterprises.

With reference to the rule of law, the village government is expected to institutionalize in the format of governance and the village economy; manage and develop accountable and performing BUMDes; encouraging local community initiatives to mobilize local economic potential; establishing consolidation and cooperation with



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related parties to make BUMDes an economic patron. By utilizing BUMDes, villages can be the subject of emancipatory development by providing basic services to the community and mobilizing local economic assets.

Ironically, the expectations are not in line with the reality that is in the field. Since the village law has been enacted, only a handful of village governments have been able to manage and develop BUMDes in a professional and accountable manner; in fact, most village administrations have not been able to establish BUMDes. Of 74,093 villages in Indonesia, only 1.4% have BUMDes. Based on data from the Ministry of Village, 1022 BUMDes have been developed throughout Indonesia, spread over 74 districts, 264 subdistricts and 1022 villages. Ownership BUMDes mostly in East Java that is 287 BUMDes and North Sumatra with 173 BUMDes.

One of the villages in Malang Regency that is Gondosari Village has BUMDes Gondowangi with two business unit that is PAMDES which serve citizen need for clean water and waste management. The BUMDes was established on February 28, 2008 and obtained legal legitimacy through Gondowangi Village Regulation no. 2 Year 2010. Based on the village regulations, in article 7 and article 8, the purpose of the establishment of BUMDes Gondowangi is to increase the PAD, provide services to the community, increase business opportunities and help the village government in reducing poverty and improve prosperity. BUMDes Gondowangi is expected to run on the principles of transparency, accountability, participation, sustainability and acceptability. Meanwhile, the purpose of the establishment of BUMDes Gondowangi is as a container of village business units, economic service centers and realize an economic unity of Gondowangi and surrounding communities.

Since its founding 8 years ago, BUMDes Gondowangi has experienced ups and downs. Based on preliminary observations on May 10, 2016, BUMDes Gondowangi never less productive even roads in place. Furthermore, he also mentioned the protests of citizens who are not satisfied with the performance of BUMDes that are perceived as less transparent in the management of funds and are considered to deviate from the principles described in the debate. The performance of BUMDes has gradually improved since the election of a new village head (elected in 2013). Leadership of this figure is considered citizens able to revitalize the performance of BUMDes through a series of reforms with a persuasive approach to the community Gondowangi. This situation is interestingly researched to identify the factors that accompany the pioneering and



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development of BUMDes and analyze the efforts of village and village elite governments in revitalizing BUMDes.

2. METHODOLOGY

The research was conducted in Gondowangi Village, Wagir District, Malang Regency. The village was chosen to be a research site because it has owned BUMDes in the field of drinking water and waste management since 2008 until now, despite experiencing tidal management. BUMDes in Gondowangi Village itself is protected by Gondowangi Village Regulation, Wagir District, Malang Regency Number 2 Year 2010 on the establishment of Village Owned Enterprise (BUMDes)

The research location was chosen purposely because the BUMDes handled by the Gondowangi Villagers could run until winning the race held by the Government of East Java Province. By taking the location of the village, the researcher hopes to find answers to the research questions. Field research conducted from May to October 2016. Teknik data collection in this study was done by observation (observation), in depth interview (in depth interview), documents both primary and secondary. Researchers expect the data collected consists of two types of data namely primary data and secondary data.

Primary data can be obtained by researchers from in-depth interviews conducted to informants who can answer the problem formulation in this study. Informants drawn from the village community consisting of village heads, village apparatuses, BUMDes boards both in drinking water and garbage, drinking water users and garbage, key informants in villages and related institutions that can assist in the search for information. In-depth interviews of key informants using snowball techniques. Meanwhile, secondary data can be obtained by the researchers in the form of statistical data that includes: demographic data, geographic data obtained from Government documents Gondowangi Village. Data obtained from observation (observation) can be obtained through direct observation by way of field observation.

Data analysis technique is done is qualitative data analysis. Qualitative data both primary and secondary data that have been obtained will be processed using three stages of data analysis activities. Sitorus (1998) said that in analyzing data done jointly that is reduction, data presentation and conclusion. Data reduction aims to sharpen, classify, direct, classify, direct, eliminate unnecessary data and organize data so that the conclusion is obtained. Reduced data will be presented in descriptive form and is





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expected to answer the formulation of predetermined problems then draw conclusions from the primary and secondary data that have been reduced.

3. INSTITUTIONAL AND SOCIAL CAPITAL

Institution (institution) is also called the rules of the game whose content is different between macro level and micro level. At the macro level, institutions contain a set of political, social and legal rules that establish production, exchange and distribution activities. While at the micro level, the institutions are related to the governance issues of the rules of the game so that exchanges between the economy can take place either through cooperation or competition (Yustika, 2008: xi).

Institutions are labeled as the legal framework or natural rights that govern the actions of individuals. Bardhan (1989) in Yustika (2008: 33) views institutions as more accurately defined as social rules, agreements and other elements of the framework of social interaction. Institutions can also be interpreted as regulation of behavior generally accepted by members of social groups. Manig (1991) notes that institutions reflect the values and norms of society, but they are not the institutions themselves.

North (1994) in Yustika (2008: 34) defines institutions as rules that limit human deviant behavior to build structures of political, economic and social interaction. Through institutions that regulate misbehavior, it has managed to create order and reduce uncertainty in exchange. In this context, institutions have three components: formal rules, informal rules and enforcement mechanisms. Formal rules include the constitution, statute, law and all other government regulations. Formal rules form political systems (governance structures, individual rights), economic systems (contracts) and security systems (judiciary, police). While nonformal rules include experience, traditional values, religion and all factors that influence the individual's subjective perception of the world in which they live. Meanwhile, enforcement works to make the rule effective. In summary, institutional means the rules of the game in society. the rules of the game include regulations that enable people to interact. Institutions can reduce the inherent uncertainty in human interaction through the creation of behavioral patterns.

Social capital in the New Institutional Economic paradigm became one of ESB's subsidiaries (New Economic Social, NSE) and EBT (Economic Transaction Costs, TCE) (Khelarah & Kirsten (2002), Yustika (2006) in Witjaksono (2010)). According to the basic argument of economic sociology and institutional economics, all activities and organizations of the natural economy of traditional societies and modern industrial



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societies are embedded within their social environment. The embeddedness argument, according to Polanyi (1944), Granovetter (1985 & 1992) and Barber (1995) in Witjaksono (2010) indicates that economic activity within the organization does not develop in a social vacuum, but activity is affected by: (a) socially constructed institutions, (b) the actors' personal relations, and (c) the structure of the network of relations (see Ruuskanen, 2004: 3). In fact, the networks of multinational companies operating in the global economy are rooted in social relations and social institutions (Castells, 1996). In the context of social attachment, the thinking behind the concept of social capital becomes important, because it is capable of explaining how social attachment that exists in economic actions affects the economic performance of a country or society.

3.1 Institutional BUMDes Desa Gondowangi

1. Legal and Capital Framework of BUMDes Desa Gondowangi

The establishment of BUMDes is basically based on Law no. 32 of 2004 on Regional Government and Government Regulation no. 72 Year 2005 on Village. In detail about the two legal basis BUMDes are: 1). UU no. 32 of 2004 on Regional Government; Article 213 paragraph (1) "Villages may establish village-owned enterprises in accordance with village needs and potential". And 2). PP no. 72 of 2005 on Villages: Article 78 paragraph 1 "In increasing the income of the community and the village, the Village Government may establish a Village Owned Enterprise in accordance with the needs and potential of the Village". Paragraph (2) "The establishment of a Village Owned Enterprise as meant in paragraph (1) shall be stipulated by a Village Regulation based on the laws and regulations". Paragraph (3) "Form of Village Owned Enterprise as referred to in paragraph (1) must be legal entity".

Contextually, the establishment of BUMDes Gondowangi did not originate from the BUMDes Act but started from the Kecamatan Development Program (PPK) which changed into the National Community Empowerment Program (PNPM) Mandiri in 2007. In the excavation of the priority scale issue of PNPM Mandiri, the community of Gondowangi Village decided that drinking water is the main problem of their village. This is based on the large number of residents in the village and the location is very coincide so it is not possible to make a clean well without contamination of neighboring waste around it.

BUMDes economic activity pillar is expected to function as a social institution (social institution) and commercial (commercial institution). BUMDes as a social



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institution side with the interest of the community through its contribution in the provision of social services. While as a commercial institution aims to seek profits through the supply of local resources (goods and services) to the market (Atmojo, 2016). In line with this, BUMDes in Gondowangi Village also have similar functions. This can be seen from how the initial capital form of this PAMDes derived from PNPM Mandiri which of course funds come from the central government as a clean water program aid for the poor of Rp.90.000.000 (ninety million rupiah). The grant is only given once in between 2007-2008. As the sustainability of the PAMDes program, the committee began to expand its commercial function of serving the needs of clean water for the community capable and entrepreneurs in the Gondowangi Village area with cross-subsidy mechanism. This is done as an effort to sustain the drinking water program which requires routine maintenance and payment of technician salary. Therefore, the community capable and entrepreneurs in Gondowangi who need drinking water must pay Rp. 500.000, - for the first pipe installation and then pay Rp.500, - / m³ (per cubic meter).

From the payment of capable communities and entrepreneurs, new pipeline pipelines and routine maintenance of springs and pipelines are also paid for BUMDes drinking water technicians, which have been in effect since 2010. Actually, the legal framework for BUMDes capital is also stated in PP no. 72 Year 2005 concerning Villages: Article 79 Paragraph (1) "Village Owned Enterprises as referred to in Article 78 paragraph (1) are village businesses managed by the Village Government". Paragraph (2) "Permodalan Badan Usaha Milik Desa may come from: 1. Village Government; 2. Community savings; 3. Government Assistance, Provincial Government and 4. District / City Government; 5. Loans; and / or 6. Participation of other party's equity or profit-sharing cooperation on the basis of mutual benefit. 7. The Management of a Village Owned Enterprise consists of the Village Government and the community.

If you look at the legal basis then it can be concluded that the formation of Gondowangi BUMDes comes from the central government capital through PNPM Mandiri program for the poor and develops into the stewardship of BUMDes that was born from the independence of the community and the village government. According to Sutoro Eko (in Chikamawati, 2015), villagers must be mobilized through the elements and instruments of BUMDes. The existence of BUMDes should be able to become the wheels of the economy of rural communities aimed at fostering the local economy and strengthening the economy of the villagers.

2. PAMDes Regulation System: Principles of Commercialization based on Human Values

According to Rutherford (in Yustika, 2008) the institute is interpreted as a behavioral regulation generally accepted by members of social groups, for specific behavior in special situations either self-supervised or monitored by external authorities. In line with this, the BUMDes Drinking Water (or PAMDes) institution in Gondowangi Village has established a regulation that can control the PAMDes consumer's behavior to discipline paying water bills and granting late payment sanctions. This regulatory innovation is based on the principle of commercialization but still relies on the value of humanity.

Table 1

No	Schedule Routine / month	Type of Service PAMDes
1	Date 1-5	Consumer Meter Check
2	Date 6-8	Meter Recording
3	Date 9	Print the bill
4	Date 10-20	Opening of Counter Payout

Sanctions imposed on consumers when exceeding payment arrears for 3 months. PAMDes officers then gave individual and face-to-face warnings accompanied by the RT head of the delinquent. The value of humanity applies when the reason of the delinquent is related to the economic crush of the family and is given the flexibility of payment time with the installment system. But when the delinquent does not have a rational excuse, an instantly termination letter signed by the head of the village is issued, and then the technician immediately breaks the drinking water channel from the delinquent. If the delinquent has settled the payment and wishes to become a PAMDes customer again, a new subscriber rate will be charged and a payment of Rp 500,000.00.

The regulation run by PAMDes refers to what North (in Yustika, 2008) suggests that institutions can aim to limit human misbehavior to build structures of political, economic, and social interactions. Thus BUMDes is the right of the village to utilize the rules of the Village Law which gives authority to the village government to innovate in rural development, especially in terms of improving the village economy and welfare for the village community (Chikamawati, 2015).



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3. Role of Village Leadership: Accountable and Transparent

The rule of law as a formal institutional rule of BUMDes can not be released away from non-formal rules such as the role of village leadership. Giddens (in Priyono 2000) sees the issue of indivisible structure in the relationship of dualism but duality. Duality explains the dialectical and interrelated relationships between agents and structures (Ritzer, 2004). This duality occurs in recurrent and patterned social practices in space and time (Priyono, 2000: 19). Duality lies in the fact that a "rule" -like scheme which is the principle for practice in such places and times is the outcome of the repetition of action, and simultaneously the "rules" scheme becomes the medium for the ongoing social practice.

Agencies in Structuring Giddens have an important role in structural change. The routine social practices of PAMDes management can not be separated from the role of village head and chairman of PAMDes. The head of Gondowangi Village is currently newly inaugurated in 2014 and carries a clean, accountable and transparent government. Under his leadership, the overall revamping of the village system was carried out and financial information was transparently presented in any media (banner, web, facebook, village meeting, etc.).

Improvement of the system is also done on PAMDes including the restructure of administrators and revamping the administrative and financial system. Cash PAMDes that before 2014 0% or even minus due to unorganized administration and not "clean" the board, currently cash PAMDes within 2 years of his leadership succeeded to donate funds amounting to RP. 120,000,000 for APBDes.

The change of PAMDes management is done by electoral mechanism by BPD, LPMD and village government. And Mr. Suprapoto was elected as the new PAMDes chairman because for the Village Head, Mr. Suprapto has economic capital and cultural capital that is good enough to organize PAMDes.

An agent with discursive awareness is able to influence the structure and make changes to the structure or what Giddens calls "derutinization" (in Priyono 2000). Deruarization is necessary when corrupt government social management practices are not worth defending in the rural domain. In the institutional framework, the creation of behavioral patterns embodied in the rules of the games created by agents and structures that include regulation, aims to establish society to interact and reduce the risk of inherent uncertainty (Yeager in Yustika, 2000). In other words, the role of the actor in





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this case the village head is able to mobilize the village community so that the systematic, accountable and transparent PAMDes system can be realized.

4. CONCLUSION: BUMDES AND MEA: BETWEEN OPPORTUNITIES AND THREATS

In the perspective of Boeke (2015) the economy of the Dutch East Indies (Indonesia), especially Java, experienced the dualism of the economy that is the traditional and modern economics are mutually unrelated. To overcome the imbalance caused by the dualistic economy, according to Boeke, the traditional sector needs to be stimulated through economic incentives and improved production technology even though the results will not be immediately apparent. The idea ultimately became an important discourse in the process of rural development in developing countries (Marshus in Yustika, 2008). Throughout the 1950s to the 2000s Boeke's ideas were realized through government programs that eventually the process of commercializing the rural sector took place through a series of policies aimed at promoting the growth of the agricultural sector, the green revolution and the creation of rational peasants (Ellis and Biggs in Yustika 2008).

These rural commercialization efforts have not achieved significant results because they do not fit the characteristics of the village community. Scott (in Yustika, 2008) argues that the process of commercial agricultural growth precisely pinches the farmers on two pressures at once, the increasingly urban biased government policy and the two market pressures (controlled by business actors). Therefore, in facing the ASEAN Economic Community or AEC (Asean Economic Community) which means the market is present everywhere including in rural areas then this is a threat from the MEA in rural communities.

Placing BUMDes as a village-owned enterprise does not only rely on the principle of commercialization, because according to Maryunani (in Samadi, 2014) the main characteristics that distinguish BUMDes from commercial economic institutions are as follows: 1. Business capital originates from village (51%) and from community (49%) through equity participation (share or share); The enterprise is owned by the village and managed jointly; 3. Implemented on the basis of the principle of kinship and mutual cooperation and rooted in the values developed and lived in the community (local wisdom); 4. The field of business undertaken is based on the development of the potential of the village in general and the results of market information that sustains the



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economic life of the community 5. The empowered manpower in BUMDes is a potential workforce in the village 6. The benefits gained are aimed at improving the welfare of rural communities and or capital partners 7. Decision-making and problem solving is done through village meetings 8. BUMDes regulations are implemented as village policies 9. Facilitated by the Government, Provincial Government, District Government and Village Governments; 10. Implementation of BUMDes activities supervised jointly (Pemdes, BPD, members).

BUMDes opportunities in facing the MEA is how to build institutional and social capital by building networks that occur among villagers, village government, central government, intellectuals and investors while providing trust among the stakeholders by preparing rules of the game) in favor of the village community. In other words, the market with the commercialization principle through the MEA is not faced with face to face with individuals in rural communities but must deal with the institutions through BUMDes by building a strong social capital without ignoring the role of village leadership as an agent of change.

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