

VILLAGE ECONOMIC DEVELOPMENT STRATEGIES THROUGH SUSTAINABLE VILLAGE-OWNED ENTERPRISES. THE GOLD MINING AREA IN WEST SUMBAWA, INDONESIA

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Abstract. Village economic development itself is a process to improve the living conditions of all regions or certain countries so that there is equitable development in rural areas and increases the role of villages and Village-Owned Enterprises (BUMDes) in developing the rural economy in order to improve welfare. This study aims to formulate a village economic development strategy in a sustainable manner in the gold mining area of West Sumbawa through village-owned enterprises. SWOT is the method used. The results show that its strengths include: the existing BUMDes management, overwriting business resources, adequate human resources, a fulfilled business capital, strategic business locations in the middle of the community, and village income sources partly from BUMDes. Weaknesses include: BUMDes managers still lack expertise, limited business types, the limited quality of human resources, the limited capital during the Covid period, the limited infrastructure facilities and village innovations, as well as BUMDes Managers. Opportunities include local government support, enough abundant village potential, a fairly good community participation and internet network support. Threats include the still weak BUMDes business, the limited management motivation, the village party expectations against management, and local culture. Based on the results of the above data, the strategy formulation is as follows: the first strategy, where training needs to be performed to improve the skills of the village and managers, and the second strategy, which entails the application of entrepreneurial-based management skills. For the community, it is hoped that there will be increased participation in the BUMDes program.

1. INTRODUCTION

Rural economic development is a process which aims to improve the living conditions of an entire region or a certain country so that there is equitable development in rural areas, including the development of social and economic life of said areas. All villages can have better economic growth and develop together, and villagers' income can increase. There is no longer an imbalance where developed villages and villages are left behind (Gao & Zhang, 2021).

According to the Central Bureau of Statistics, 83,843 villages in Indonesia have the opportunity to improve the welfare of the community (Yuliana *et al.*, 2019). The village funds allocated to improve the welfare of every village in Indonesia can be appropriately utilized and managed by village officials with high integrity.

One indicator of a village's economic development is the income of the population. about the income is appropriate or still far below the average (Effendi *et al.*, 2019). Villages are said to be developed when the population's income is above average, while villages are said to be left behind if the population's income is still far from sufficient. Village-owned enterprises (BUMDes) as an alternative model in village development (Ali, Agyekum & Adadi, 2021). The BUMDes empowerment model is through a Business Plan, a village economic development solution through participation,

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openness, accountability, sustainability and community enjoyment. BUMDes can prevent unemployment and poverty, create jobs and Village Original Income (PAD) (Azhari, 2019).

The existence of BUMDes in the community has inhibiting and supporting factors in Implementation. The inhibiting factors of BUMDes in the gold mining area are 1) the budget factor, 2) the Human Resources management factor, and 3) the limited support from the private sector. Supporting factors as reinforcement are 1) government commitment and 2) the availability of potential natural resources. The existence of inhibiting factors is related to the fact that many government programs are financed. Hard work is needed by BUMDes managers in developing businesses through creative and innovative programs to be competitive (Ali *et al.*, 2019; Ibrahim *et al.*, 2016).

The Government of the West Sumbawa District is currently encouraging various efforts to accelerate its people's welfare, both from social, economic and environmental aspects. One of them is by accelerating village development through various approaches. Villages are micro-autonomous government units in Indonesia that have original rights to manage the community's interests in the Implementation of village governance.

The latest development in the Sumbawa Barat district is village development (Table 1) and shows that the distribution of the 59 villages in the Sumbawa Barat district includes 28 developing villages, 27 developed villages and four independent villages.

Table 1

Distribution of village progress in Sumbawa Barat District 2020

District	Very disadvantaged	Left behind	Evolve	Forward	Independent
Brang Ene	0	0	3	3	0
Brang Rea	0	0	8	1	0
Jereweh	0	0	3	1	0
Maluk	0	0	0	3	2
Poto Tano	0	0	2	6	0
Sekongkang	0	0	2	4	1
Seteluk	0	0	4	5	1
Taliwang	0	0	6	2	0
Total	0	0	28	27	4

Source: Community Empowerment, Village Administration, Population and Civil Registration Office, 2022.

The challenge for the local authorities of the Sumbawa Barat District is how to accelerate village development so that the village may become financially independent. The government in this region continues to encourage the acceleration of village development through various approaches, which is not easy to achieve. Village governments and village communities face challenges at the field level.

Based on the above findings and field facts, it would be interesting to conduct further studies on village economic development strategies through sustainable Village-Owned Enterprises in the West Sumbawa District gold mining area.

2. METHODOLOGY

Data collection in the study was carried out in rural gold mining areas in the West Sumbawa District. This research location represents 3 (three) sub-districts included in the gold mining area: Jereweh, Maluk and Sekongkang sub-districts (Fig. 1).

Data is obtained from three sources, namely: from the direct observation of the economic activity process of BUMDes managers; through informants (sources) who are directly involved in the field as part of the BUMDes program; through stakeholder information on the respective village

parties who understand the conditions of the community and the implementation of the BUMDes program as well as related agencies.

This study's data collection was carried out using 4 (four) methods: observation, interviews, recording and registration. Data validity uses source triangulation techniques, while data analysis uses SWOT. This research consists of an internal examination such as strengths and weaknesses complete with the results of weight analysis, then an assessment and score of external factors is carried out which is an activity to determine opportunities and threats which is equipped with the results of weight analysis, assessments and scores. Decisions are made based on the results of the collaboration of internal and external factors.

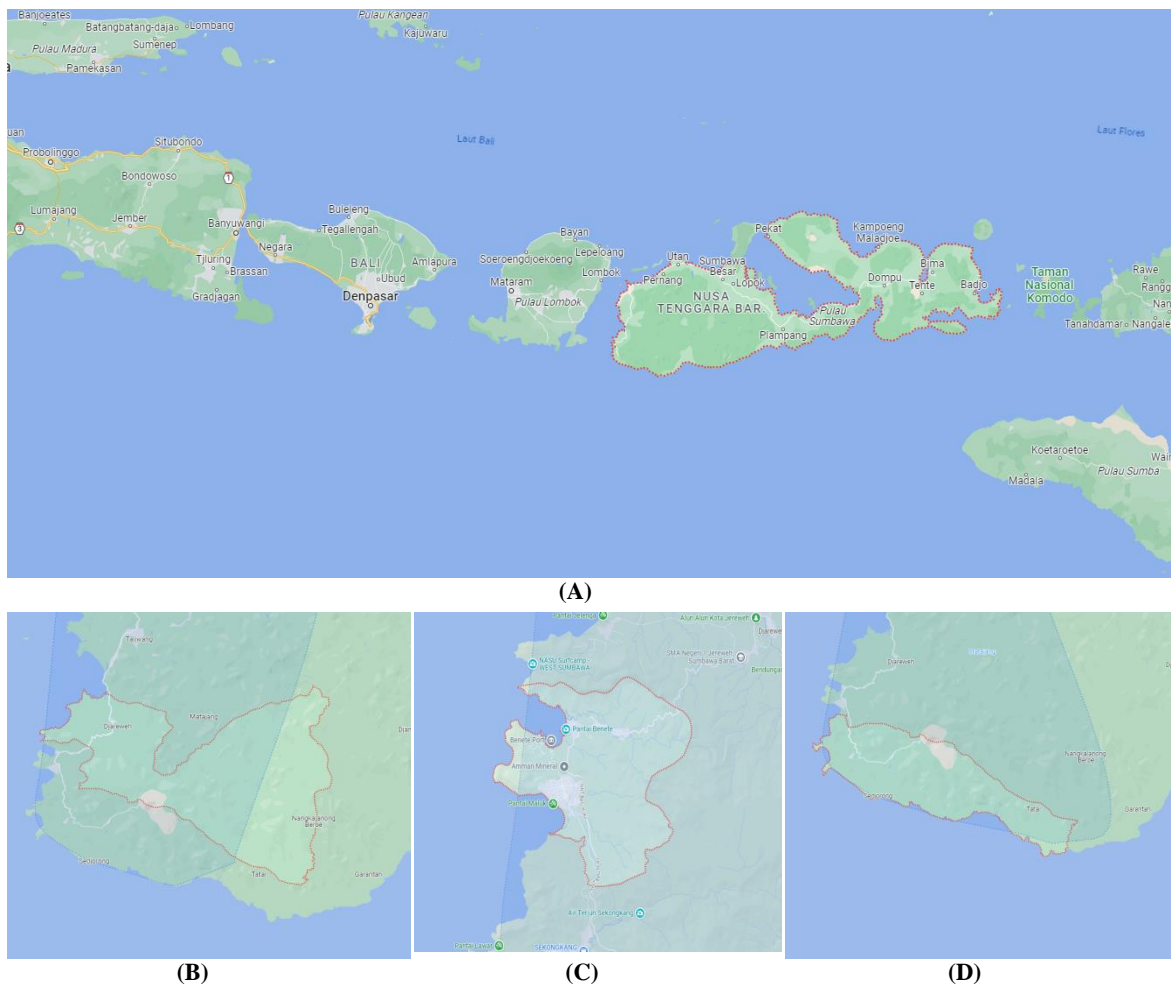


Fig. 1 – Maps of Sumbawa (A), Jereweh (B), Maluku (C), Sekongkang (D).

3. RESULTS AND DISCUSSION

Village Economic Development through Village-Owned Enterprises with the help of Internal and External Factors

Strategic factors that can be identified as *strengths*, *weaknesses*, *opportunities* and *threats* and are presented in Table 2. To get the ability of Internal and External strategic factors after the total IFAS (*Internal Factor Analysis Strategy*) and EFAS (*external factor analysis strategy*), they will be presented in the form of an IE Matrix table. After getting the positioning of the BUMDes, and then the required development strategy, it is analysed again in the form of a SWOT Matrix, which gets four alternative strategy cells and prioritizes the strategy according to the positioning that has been obtained.

Based on the findings of the above data (Table 2), the internal and external strategic factors for village economic development through sustainable village-owned enterprises in the gold mining area of the West Sumbawa district are diverse, including the main strengths of BUMDes Management that already exist. The main strengths possessed by BUMDes Management already exist. However, it has a weakness, namely the lack of Human Resources management. So there needs to be support from the Regional Government to supervise the management of BUMDes businesses so that they are centralized and the businesses being fostered can also develop. Opportunities owned by local government support and threats to BUMDes business management are still weak.

Table 2

SWOT Diagram of Village Economic Development through BUMDes

IFAS	Strength 1. BUMDes management is in place 2. Overwrite business resources 3. Enough human resources 4. Business capital fulfilled 5. Strategic business location in the middle of the community 6. Source of Village Revenue partly from BUMDes	Weakness 1. BUMDes managers still lack expertise 2. Business types are still limited 3. Limited quality of human resources 4. Limited capital in the COVID era 5. Infrastructure is still limited 6. Limited village innovation and BUMDes managers
	Opportunities 1. Local Government Support 2. Village potential is relatively abundant 3. Community participation is good 4. Internet network support	Threats 1. BUMDes business is still weak 2. Limited board motivation 3. Village expectations of the board 4. Local culture
EFAS		

Source: Data Analysis, 2022.

The existence of administrative training in the savings and loan programme has a positive impact on business development. This is evidenced by the fact that the previously administrative process was still manual and has changed to using computerization as part of a regular system. Training can develop skills as the principal capital, especially in the MSME sector, which is seen as promising for profit. The potential of youth can be created by forming collaborative business groups so that family welfare and a more progressive future can be achieved. (I. Ibrahim, Mas'ad *et al.*, 2018; I. Ibrahim, Kamaluddin *et al.*, 2018).

Table 3

Internal Strategic Factor Matrix (Internal Strategic Factor Analysis Summary)

Strategic Factors	Weight	Rating	Score
Strength			
BUMDes management is in place	0.12	5	0.61
Overwrite business resources	0.08	4.5	0.37
Enough human resources	0.10	3.5	0.36
Business capital fulfilled	0.08	4	0.33
Strategic business location in the middle of the community	0.08	3	0.24
Source of Village Revenue partly from BUMDes	0.06	2.5	0.15
Weakness			
BUMDes managers still lack expertise	0.08	2.5	0.20
Business types are still limited	0.10	3.2	0.33

Limited quality of human resources	0.08	2.7	0.22
Limited capital in the Covid era	0.10	3.4	0.35
Infrastructure is still limited	0.06	3.8	0.23
Limited village innovation and BUMDes managers	0.04	2.9	0.12
Total	1	41	3.51

Internal factors in village economic development through sustainable village-owned enterprises in the West Sumbawa District gold mining area based on the weight matrix (Table 3) show that the total matrix IFAS score is 3.51. This condition shows in Table no. 3 that the strengths to overcome the internal weaknesses of BUMDes are strong so that it can support the BUMDes program in a more advanced manner.

BUMDes development needs support from the government through regulatory policies, capital facilitation and mentoring. Apart from that, there are several ways to carry out BUMDes development strategies, namely, in-depth observation and mapping of village economic potential, selecting profitable businesses, eradicating capitalist practices and expanding the network of business partners. Optimizing the role of financial partners, investors and the community to jointly encourage product improvement and diversification and strengthen the market. Keywords: Strategy, BUMDes, Village Economic Potential, Social Entrepreneur (Syarifudin & Astuti, 2020; Ardhana Putra *et al.*, 2019; Ibrahim *et al.*, 2016).

Table 4

External Strategic Factor Analysis Summary Matrix

Strategic Factors	Weight	Rating	Score
Opportunities			
Local Government Support	0.13	5	0.65
Village potential is quite abundant	0.13	4.5	0.60
Community participation is good	0.13	3.5	0.44
Internet network support	0.13	4	0.54
Threats			
BUMDes business is still weak	0.13	2.4	0.32
Limited board motivation	0.13	2.2	0.28
Village expectations of the board	0.12	2.1	0.24
Local culture	0.10	2	0.21
Total	1	25.7	3.27

The results of the identification of external strategies (Table 4) show that the matrix total of the EFAS score was 3.27. This condition indicates that village economic development through BUMDes in the West Sumbawa District gold mining area has opportunities to avoid existing threats. This is reinforced in Table no. 4, showing that external factors are substantial. Each cell (Table 3 and Table 4) has a range value of internal factors and external factors. The position and direction of management are selected by matching the total internal factor scores (IFAS matrix) and external factors (matrix EFAS) with the range of values in the cell.

The results showed that the opportunity to apply economics to BUMDes is very large. In addition, transaction contracts can be applied to BUMDes, and BUMDes development steps in capacity building efforts include: 1) structuring village institutions; 2) carrying out the BUMDes management in a professional, cooperative, independent and effective manner; 3) increasing the role, coordination and cooperation; and 4) understanding the needs of village communities for BUMDes. (Furqan & Fahmi, 2018; Ibrahim & Sutarna, 2018; Kusuma & Yohanitas, 2015).

Based on Figure 2, the weight value of the IFAS and EFAS matrices shows that the value of internal and external contributions is more favourable and has the opportunity to develop further.

SWOT analysis data IFAS scores reinforce this condition, while weights reach 3.51 and score and weight values reach 3.27; both are in a strong position. This position can be developed by selecting alternative strategies through the following SWOT results.

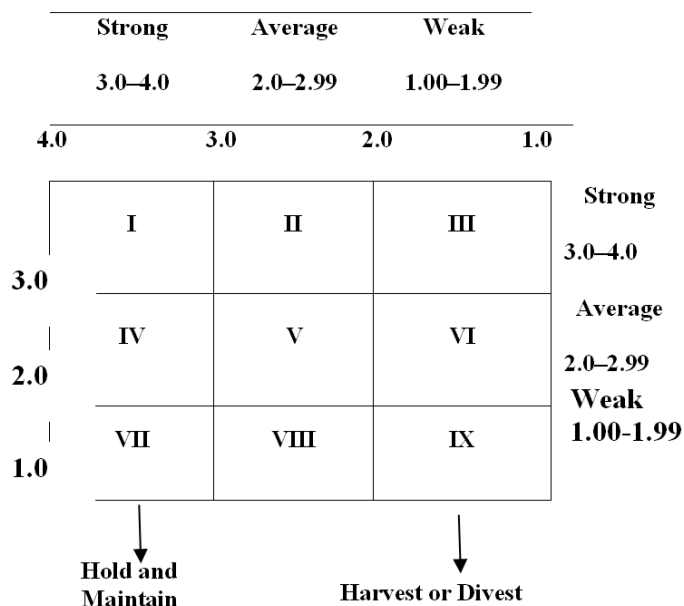


Fig. 2 – Internal and external matrix.

Village Economic Development Strategy through Village-Owned Enterprises

Various efforts have been made to develop the village economy, developing BUMDes into one of the flagship programs. However, due to the lack of human resources to creatively manage the institution, the program is only limited to the women's savings and loan business, becoming the central business unit favoured as a BUMDes activity. There are many alternative strategies to support BUMDes development and increase village and community income.

Table 5

Matrix Analysis

IFAS	Strength (S) 1. BUMDes management already in place 2. Overwrite business resources 3. Enough human resources 4. Business capital fulfilled 5. Strategic business location in the community 6. Source of village revenue partly from BUMDes	Weakness 1. BUMDes managers still lack experts 2. Business types are still limited 3. Limited quality of human resources 4. Limited capital in the COVID period 5. Infrastructure is still limited 6. Limited village innovation and BUMDes management
EFAS	SO strategy Training is needed to improve the skills of village officials and managers.	WO Strategy Improve cooperation with all parties in supporting the BUMDes Program
Opportunities 1. Local government support 2. Village potential is abundant 3. Community participation is good enough 4. Internet network support		

Threats	ST Strategy Implementation of entrepreneurship-based management skills	WT Strategy
1. BUMDes business is still weak 2. Limited board motivation 3. Village expectations of the management 4. Local culture		Need for innovation and creation of village parties and BUMDes administrators

The strategic factors based on the Table 5 matrix clearly illustrate the external opportunities and threats faced in accordance with the existing strengths and weaknesses. Therefore, it produces alternative solutions, including: Strategy 1 – training is needed to improve the skills of village officials and managers; Strategy 2 – the implementation of entrepreneurship-based management skills.

The acceleration of village economic development through BUMDes in a sustainable manner through these two strategies can provide opportunities and the possibility of evenly enhancing the village economy as a centre of economic growth. The BUMDes program can encourage the local authorities to increase the village's original income through the establishment of good governance. Changes in the orientation and role of BUMDes from village businesses for village governments to village businesses for village people are achieved by synergizing BUMDes with village institutions so as to improve community welfare, especially in terms of local economic development, as well as by developing BUMDesa with a social entrepreneurial vision. (Nova & Arwanto, 2021; Fauzanafi & Hidayana, 2020; Setiawan *et al.*, 2021; Kania *et al.*, 2021).

4. CONCLUSIONS

Village economic development efforts through sustainable village-owned enterprises are needed to support the growth of village development. Village economic development through BUMDes can be carried out using alternative prioritized strategies, namely the need for training in improving the skills of village parties and managers (Strategy 1) and the application of entrepreneurship-based management skills (Strategy 2). In terms of community, it is expected that participation in the BUMDes program will increase. As to the local government, it is expected to continue to help BUMDes facilitate cooperation with business partners and provide guidance and supervision of BUMDes development in rural areas. Future researchers are expected to conduct the same research, primarily related to the training model in the Development Strategy of Village-Owned Enterprises (BUMDes).

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