

Revitalization of Organization and Business Determination of BUMDes Cibadak Mandiri of Cibadak Village, Ciampea District, Bogor Regency

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Submitted: December 13th 2022; Revised: February 20th 2023; Accepted: March 07th 2023

Keywords:

Business priority
Organization revitalization
Organizational problems
Root cause analysis

Abstract BUMDes Cibadak Mandiri has stopped operating, so to revive it, it must be replaced by new management. The new management seeks a partner to restore and run the business. The "Dosen IPB Mengabdikan" program in BUMDes Cibadak Mandiri aims to assist management in analyzing and evaluating previous management problems, determining business priorities, and motivating new management. The method used in analyzing the problem was a fishbone diagram with a participatory approach and used the brainstorming approach to determine priority business. Management, business unit leaders, and local participants attended the activity. The six main issues found were a need for more capability of human resources, capital, business partner responsibilities, unstructured organization/management, nonperforming loan, and lack of market understanding. Several alternatives were proposed by participants, such as gathering/workshops, training, looking for committed people, investors, and open recruiting volunteers. At the same time, the business priorities that should be carried out are karst mountain tourism, distribution and management of clean water (PAM), and bottled drinking water (AMDK). The methods were conducted to raise awareness of the new board and the role of related stakeholders, especially agreements in describing problems, alternative solutions, and choices of BUMDes business priorities. These processes give valuable insight into the current state of management to reactivate of BUMDes and alternatives action to tackle this situation.

1. INTRODUCTION

Village development is one of the national strategic issues for economic equity by creating jobs and reducing unemployment and poverty. Village economic development can be driven by cooperatives, farmer groups, and BUMDes. Cooperatives are believed to be able to improve the productivity and economy of their member (Kumar et al., 2018; Ma & Abdulai, 2016) and reduce various risks, such as financial risks, and influence national policies (Franken, 2022). The International Cooperative Alliance (ICA) reports 300 of the largest international cooperatives (World Cooperative Monitor, 2022); unfortunately, none of the Indonesian cooperatives is included in the list.

Establishing a cooperative is bound by Law of the

Republic of Indonesia No. 25 of 1992, where one of the provisions stipulates that the number of primary cooperative members is a minimum of 20 people so that at the beginning of establishing a cooperative is often tricky. An alternative to driving the Village economy is using BUMDes, supported by Law of the Republic of Indonesia No. 14 of 2014 about Villages. BUMDes is given authority by Village stakeholders to use the budget to create business entities that drive the village economy. BUMDes, as a mutual cooperation-based business institution, is believed to be able to drive the village economy. Due to several factors, not all BUMDes have performed as anticipated. Factors causing the BUMDes business to fail can be

categorized into external and internal factors. Internal factors are caused, among other things, by inadequate human resource capacity in managing, management decrees, activity reports, and training which could be more effective, and efficient (Saputra, 2021).

Meanwhile, external factors such as the pandemic COVID-19 are significant in stopping BUMDes businesses. According to Fitrianto (2016), three problems influenced BUMDes performance—the need for disseminating the SOP (Standard Operation Procedure) for establishing a BUMDes, the inadequate availability of human resources, and their inability to manage a business. Another report has identified eight factors causing failure, namely management, human resources, environmental conditions, personality, organization, policies, professionalism, and communication (Kania, 2020).

BUMDes can run successfully if the management can identify problems and control them. Knowledge and community experience are essential in mapping the Village's potential to encourage superior village products (Yulianto et al., 2021). The strengths and limitations of village products can be discovered by mapping, which will be marketed as BUMDes products. Community involvement in establishing priority BUMDes is also crucial to enhance knowledge of the relevance of BUMDes and participation in economic transactions involving BUMDes (Thalib et al., 2020). Good BUMDes Management can push village products to national and even international markets so that BUMDes have a strategic role in strengthening the national economy (Chikmawati, 2019).

The COVID-19 pandemic has resulted in a change in the business climate. Many businesses were affected, causing businesses to stop. One of the businesses that stopped was the Village Business Entity (BUMDes) in Cibadak Village, Ciampea. Because the business stopped, the managers looked for other activities, and some became unemployed or did odd jobs. Even though BUMDes are not only expected to be a source of additional village income, they are also expected to be able to absorb labor and reduce unemployment.

The government's successful handling of COVID-19 is a strategic momentum to revive BUMDes. The BUMDes revitalization process requires reforming and strengthening the management as well as creating a good portfolio and business plan. Business identification needs to be carried out, management and organization strengthening, as well as improving market access when this requires assistance from a competent institution. IPB, as one of the higher education institutions in Bogor, is expected to play a role in reviving BUMDes. As a form of IPB's presence in campus circles, the lecturers participating in this program are expected to become facilitators and integrators with other programs such as Samisade (Satu familiar satu desa), the one billion rupiahs for one village program.

This dedicated lecturer program is not only expected to be able to help the community, but it can also support the achievement of several Sustainable Development Goals (SDGs), significantly SDG number 17 regarding

partnerships. Through partnerships, BUMDes affected by the pandemic can be revitalized, so that they can be active again and perform their functions. Active BUMDes may create jobs and mobilize the local economy; this is under SDG number 8 and encourages a healthy and prosperous life regarding SDG number 3.

The output of the activities of the IPB Lecturers' Community Service Program is to help the BUMDes Cibadak Mandiri find problems and alternative solutions for BUMDes revitalization and identify priority businesses that can be developed.

2. METHOD

The implementation of the community service program activities was carried out in August-October 2022 at BUMDes Cibadak Mandiri. There were 15 participants in the activity: the Village Secretary, BUMDes Management, prospective unit managers, and Local Representative Participants (Ketua RW). The mentorship methods used are lectures, issue and alternative solutions filling (Root Causal Analysis) using Fishbone Diagram, and participatory brainstorming. This session was conducted by a team of lecturers and student facilitators and witnessed by the village secretary.

Fishbone diagrams to break down problems were initially used in manufacturing companies (Grant, 2016) and then developed in other disciplines, including services such as health services (Aleem et al., 2015; Nino et al., 2021) and also in organization development (Kamhawi, 2012). The simple presentation makes it easy to apply in the field in a group, participatory and democratic manner. The root Cause Analysis approach is a method to help answer the questions 'what happened?', 'how did it happen?', and 'why did it happen?' (Wibowo et al., 2018).

The materials and tools that were used included laptops, LCD projectors, screens, fishbone templates, markers, sticky notes or post-it and flipcharts, and a sound system.

2.1 Preparation and coordination stage

At this stage, what was being carried out was the initiation of activities by meeting the Village Head and the new Chairman of BUMDes. Initial understanding that activities required several stages because the characteristics of BUMDes were different from private companies under applicable regulations. The team discussed the start of the establishment of BUMDes and why it did not work as expected. There was an agreement on several stages of mentoring activities, starting with problem-solving and gathering BUMDes management, including determining schedules and preparing invitations from related parties.

2.2 Implementation stage

This stage consists of preparing tools and materials, opening, lecturing on the objectives and mechanisms of the activity, filling in the fishbone by the participants and presenting each root cause, and exploring problems and solutions as part of the Participatory Rural Appraisal (PRA) Approach—BUMDes administrators as the subject of

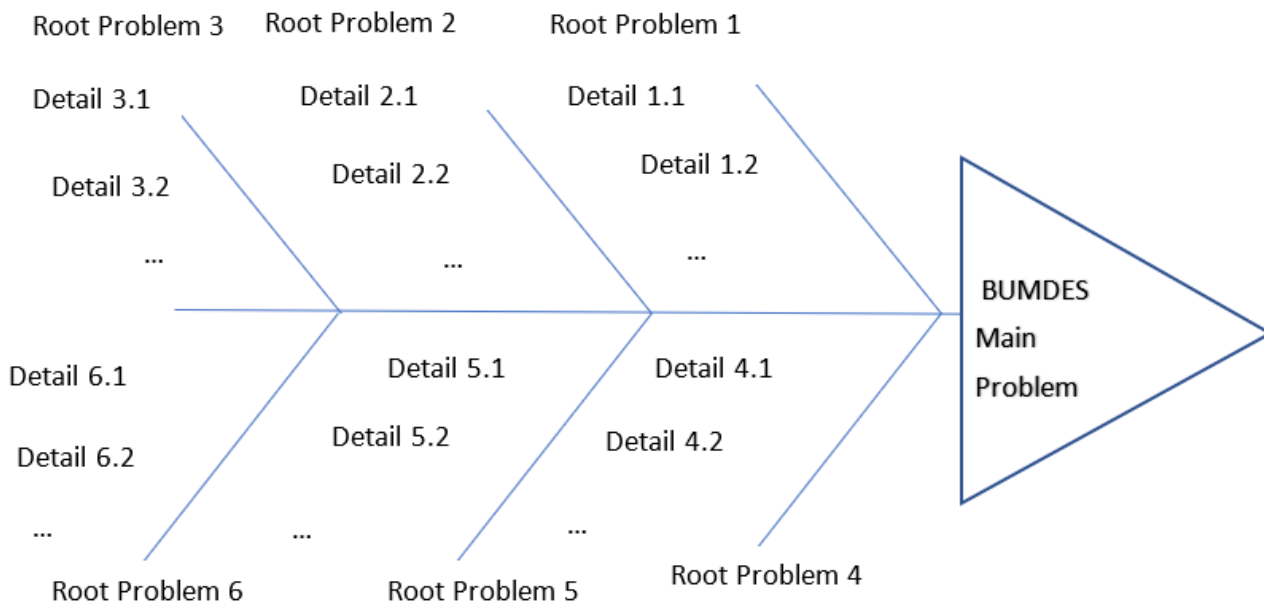


Figure 1 . Root cause analysis utilizes Fishbone Diagram

implementation, and the team from IPB. The main problems of BUMDes Cibadak Mandiri would be broken down utilizing Root Cause Analysis (RCA) and fishbone diagrams is shown in Figure 1.

The main issues must be listed on sticky notes and attached to flipcharts by participants as part of the participatory approach. Some of the same ideas were grouped, and then participants who had written them down were asked to explain what they meant. Participants were asked to think of alternative solutions to the existing problems in the next stage.

The stages of implementation are as follows:

1. Stage 1 (Problems)

Each participant is given a sticky note to write down the keywords of the problem (Yellow color) Participants were assisted by an assistant pasting on the fishbone diagram provided on the flipchart. After pasting, each participant explains the keywords that have been written.

2. Stage 2 (Solutions Hopes)

Each participant is given a sticky note to write down the keywords solutions hope (other colors) Participants were assisted by assistants pasting on the fishbone diagram provided on flipcharts next to the problem. After pasting, each participant explains the keywords that have been written is shown in Figure 2.

Determining business alternatives, brainstorming, and evaluating previous and potential new businesses. The types of BUMDes businesses include 1) services, 2) distribution of nine essential commodities, 3) trade in agricultural products, and 4) small and household industries (Fitrianto, 2016).



Figure 2 . Participants propose problems and attach them to the fishbone diagram template

2.3 Evaluation and monitoring stage

At the evaluation and monitoring stage, the results of the activities are written down and documented, and the commitment to sending the report to online media. In addition to setting business priorities, it will be followed up with business assistance programs such as making business plans. The workshop activities ended by taking a picture together.

3. RESULT AND DISCUSSION

3.1 Overview of Cibadak Village and Cibadak Mandiri BUMDes

Cibadak Village is located in Ciampea, Bogor, Jawa Barat. Cibadak Village was established in 1984 and is bordered by Bojong Rangkas Village, Cicadas Village, and Giri Mulya Village. Currently, it is estimated that

the total population of Cibadak Village is around 11,600 people, with 52 percent male and 48 percent female. The livelihoods of Cibadak Village residents vary, ranging from entrepreneurs, traders, employees, laborers, drivers, motorcycle taxi drivers, and a small number of farmers.

In 2017, BUMDes of Cibadak was established, with the village head as its initial leader. Savings and loans were initially the principal business. The business performed well. However, the borrower's company has had trouble since the COVID epidemic in 2019, which has caused it to stall and stop making loan payments. In 2020, a workshop would be the second project. However, the workshop's activities have yet to go according to plan up to this time. Some of the young individuals given management training by the workshop company quit. Water resource development could be another industry. The government will evaluate potential water resources in 2022.

A new board BUMDes chairman was appointed in 2020, but performance thus far needs to be improved. Therefore,

the village head and board of BUMDes had been looking for opportunities to expand the management and operations of BUMDes in 2022.

3.2 Identification of problems and alternative solutions

In general, there are six main aspects why the Cibadak BUMDes are not running: HR, capital, lack of responsibility of business partners, unstructured organization/management, unfavorable installment terms for productive loans, and lack of market knowledge. Several alternative solutions emerged in brainstorming, such as gathering/workshops, training, searching for trustworthy individuals committed to managing, transferring stalled equipment managed by more productive, recruiting volunteers, and open recruitment. The management should earn income from BUMDes—other solutions for capital sourcing include looking for investors and submitting proposals to CSR. The list of the problem's components and possible solutions is shown in Figure 3.

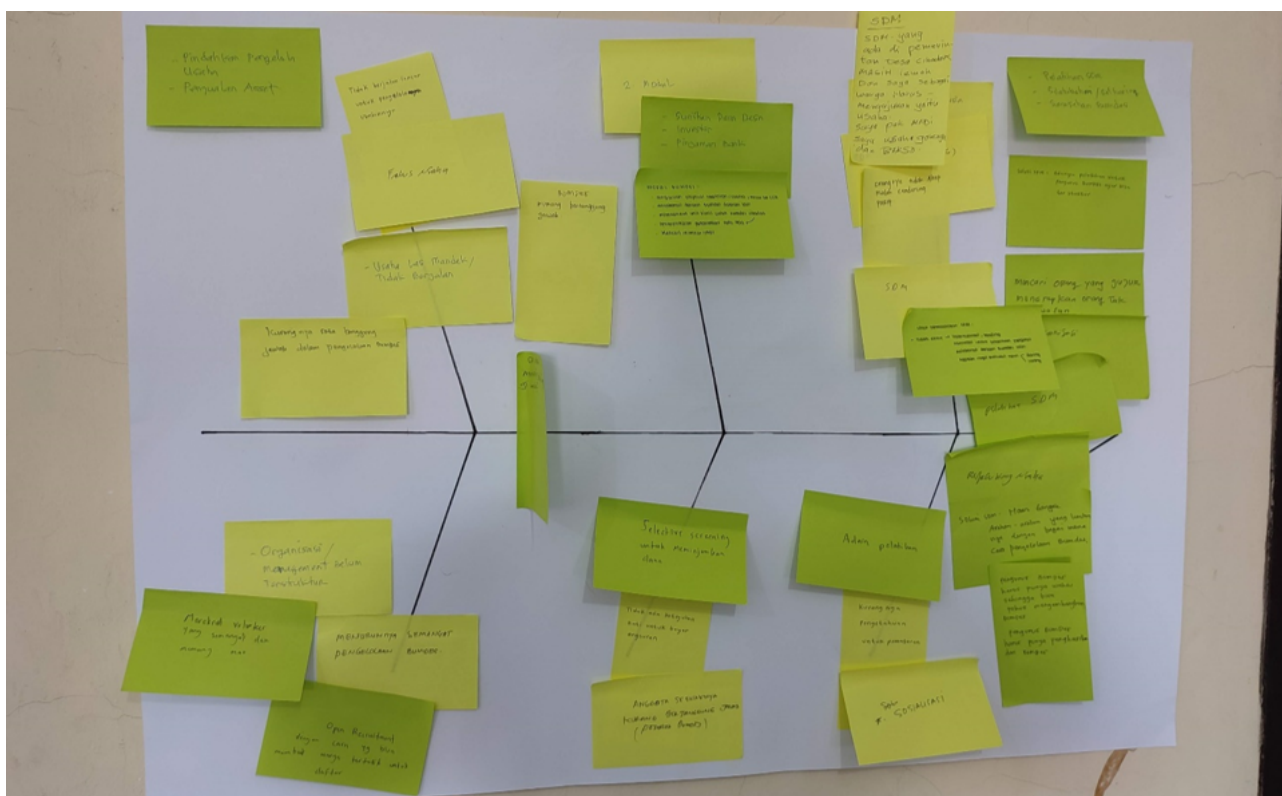


Figure 3 . The results root cause analysis utilizes Fishbone Diagram

3.3 Capital

The term "Village-Owned Enterprises" refers to business entities whose capital is substantially owned by the village through direct participation originating from village assets that are separated to manage assets, services, and other businesses for the most excellent welfare of the village community (Law of the Republic of Indonesia Number 6 of 2014, 2014). Limited capital is one of the reasons why new BUMDes officials cannot move more freely because they rely on the village budget. Alternative businesses

require funds for investment. Another potential that can be explored is cooperation with residents as investors or submitting cooperation proposals to the company's CSR. It also suggests broader capital, for example, by collecting cooperative model capital for BUMDes (Faedulloh, 2018).

3.4 Management

BUMDes is managed in the spirit of kinship and cooperation, may operate commercial enterprises and/or provide public services under applicable laws and

regulations (*Law of the Republic of Indonesia Number 6 of 2014, 2014*). Improving the competence of administrators can be done by participating in training or mentoring either held by the government or academics. For the business to run well, a business plan is needed so that potential income and costs can be identified. In addition, business planning can also be used as a cooperation initiation proposal to obtain capital.

3.5 Organizational structure

Government Regulation No. 11 of 2021 has an organizational structure, notably village deliberations, advisors, executors, and supervisors. The director of executors operates the organization by recruiting administrators as needed aside from the secretary and treasurer. The human resources required to manage the business can be determined using a business strategy. Initially, attempts should be made to persuade prospective managers that the company is promising. BUMDes must attract volunteers to launch a business because they need more resources and initial operating expenditures.

3.6 Lack of market understanding

Production-focused businesses in the BUMDes industry need to comprehend the market. The BUMDes Cibadak Mandiri intends to launch a company selling bottled drinking water due to the potential of the water sources.

Considering market competitiveness factors with the present bottled water providers is crucial. Like other businesses, the tourism industry in the Karst mountains needs to make deliberate efforts to draw customers.

3.7 Bad Loans

Previously, the manager saw that some residents needed help, so they were given productive loans to help specific businesses. Due to COVID-19, the business partners did not go according to the plan to repay the loan and stopped. Following the purpose of BUMDes helping the welfare of the village community, this can be justified. However, the evaluation results and advice from advisors suggest that this savings and loan business should not be continued so that the main business can run first. There is a public perception that BUMDes money that is loaned is state money that does not need to be returned (*Bima, 2020*). BUMDes microfinance management requires institutional maturity (*Zulyanto et al., 2017*). Another alternative is that BUMDes can collaborate with Islamic financial institutions that have been proven to adapt to the village community (*Muljadi, 2018*).

3.8 Less responsible business partners

The business partner in question is a business partner who has workshop skills. Considering encouraging residents' businesses, the BUMDes management previously

Table 1 . Aspects of the problem, legal and strategic alternatives

Problem	Related legal aspect	Alternative strategy
Capital	Law of the Republic of Indonesia No. 6 of 2014 General provisions, all or most of the Village's capital.	Looking for investment capital corporate CSR.
Management	Law of the Republic of Indonesia No. 6 of 2014 article 87, Managed with a spirit of kinship and cooperation.	Management training and assistance.
The organization still needs to be structured	Government Regulation No. 11 of 2021. article 15 BUMDEs consist of Village Deliberations, Advisors, Executives, and Supervisors. Executors, under article 34 Section (5) executors appoint and dismiss employees other than secretaries and treasurers.	Looking for volunteers (open recruitment of management). Providing management incentives under Government Regulation No. 11 of 2021 article 35.
Lack of market understanding	Explanation of Government Regulation No. 11 of 2021 article 72 education and training in business management and entrepreneurship under business needs and growth could be better.	
Productive loan instalments	Under Government Regulation No. 11 of 2021 article 51, this business unit can be closed.	With a good intention to help MSMEs, it must be explained from the start that productive loans are not grants so that they do not cause misperceptions.
Lack of responsibility of business partners	Selection of partners under Government Regulation No. 11 of 2021 article 5 point d mentions opportunities for the incubation of village community businesses.	Implementation of partner incubation by lending workshop tools went differently than expected. Partners ask for operational costs. While the workshop tools are intended as investment tools, partners run the workshop business. Alternative solutions for these tools can be transferred to other production partners.

provided investment assistance through workshop tools. Over time, the partner does not run the workshop business, and the existing tools are not used because they need operational costs. Aspects of the problem, legal and strategic alternatives is shown in Table 1.

3.9 Determination of business priorities

According to Hilman (2018), the determination of village business alternatives takes into account potential factors, expectation factors and policy factors. The brainstorming also describes these three factors. Alternative emerging businesses include managing Cibodas Karst Mountain tourism, Managing clean water facilities, and bottled drinking water business (AMDK). Other potentials are the welding business, guest houses for tourism, food and beverage business areas (Pujasera) and SME development.

The management of karst mountain tourism considers the area's economic potential, such as residents' stalls, vehicle storage, camping equipment rental, and home stays around the karst mountain. The Village has gradually improved road access. Regional production can also be used as a tourist attraction, such as the production of woven fabrics or regional specialties (Putra et al., 2019). Good BUMDes tourism management is proven to provide a multiplier effect, such as packaged local products and the role of BUMDes as homestay managers (Setyobakti, 2017).

The management of priority clean water facilities is aimed at residents having clean water difficulties, and there is also an assistance program from PUPR. Operational costs can be collected with cheaper contributions from residents from the PDAM. Considering the potential of clean water sources, it can also be developed into the AMDK business to absorb local workers.

BUMDes is an alternative institution to a driven village economy that is relatively more flexible than the cooperative, for example, in the number of founders, source of capital, and business choices. BUMDes, based on the regulation, has many functions, not only for profit but also for social functions, such as creating jobs and poverty alleviation. However, it must be organized well.

4. CONCLUSION

The main problems of the BUMDes Cibadak Mandiri were successfully described, and alternative strategies were raised to overcome them and documented. There are six main problems: capital, management, unstructured organization (not yet effective), lack of understanding of the market, nonperforming loans, and lack of responsibility of partners. While setting business priorities results in priority programs for the management of tourism, clean water facilities and bottled drinking water.

Decomposition of the main problems using a fishbone diagram with a participatory approach produces alternative solutions to drive the BUMDes Cibadak Mandiri. Management motivation has also increased. In addition, the Board of Directors will be better prepared by proposing a more planned program.

Alternative businesses must be narrowed down or prioritized because the injection of funds from the Village

is limited, or they must find investors. Several previous businesses had a personal PIC (Person In Charge), and the organization could be evaluated if the business was to be rerun. The list of business alternatives needs to be followed up with a thorough business plan.

ACKNOWLEDGMENT

The lecturers' Community Service Program is funded by LPPM IPB University through grant number 5210/IT3.L1/PM.01/M/B/2022. The team of lecturers also thanks the head of Cibadak Village Head and the Director of BUMDes Cibadak Mandiri. The team of dedicated lecturers also expressed their gratitude for the assistance of the supporting staff and team of students.

CONFLICT OF INTERESTS

There is no conflict of interest in this study.

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