

Synergy Of Village-Owned Enterprises And Local Product-Based Umkm In Tourist Villages In Border Areas Indonesia - Timor Leste

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Abstract

The MSME sector is an economic milestone for villages in border areas. As one of the two countries' border crossings, tourist villages on the Indonesia-Timor Leste border have great potential in developing their business scale which can provide income not only for MSMEs, but for Border Village Original Income (PADes). However, the problem is that MSME actors in these border villages are still hampered in terms of capital, technological innovation, workforce expertise and marketing systems. On the other hand, the existence of Bumdes can be a solution to the problems faced by MSME actors. In this study, researchers will look for the root of the problems faced by MSMEs and BUMDes by conducting interviews with MSME actors, Village Heads and BumDes Management in 3 (Three) Border Villages, namely: Duarato Village, Tohe Village and Siwalan Village in Belu District. Then formulate policy priorities that must be implemented by the Village Government and BUMDes in order to move MSMEs through qualitative analysis techniques. The research results show that: (1) Business Environment Aspects; the importance of maintaining the surrounding environment so that it remains safe and conducive in supporting business development (2) Capital Aspects; access to capital from non-bank parties and from cooperatives to business actors (3) employment aspect; Local governments need to provide training facilities for workers. (4) Information Technology Aspects; every business actor has mastery of technology including mastery of banking digitization (5) Marketing Aspect; the importance of marketing training for business actors to maintain business continuity. The final implication of this research is the realization of BUMDes goals in driving the village economy. In addition, with the existence of the BUMDes program that supports MSMEs, it is hoped that it will be able to increase the business scale of MSMEs and Village Original Income (PADes) for tourist villages on the border of Indonesia - Timor Leste.

Keywords: *Bumdes, UMKM Sector, Border Village, Business Environment Aspects, Capital Aspects, Employment Aspects, Information Technology Aspects and Marketing Aspects*

INTRODUCTION

The role of Small, Micro and Medium Enterprises (MSMEs) has a strategic role in economic development in Indonesia. Not only playing a role in absorbing labor and poverty alleviation, MSMEs have also proven to be able to survive and carry out their roles well in the midst of a multidimensional crisis. This is quite reasonable considering that the small and medium business sector has higher prospects for development, besides that MSMEs also have different characteristics when compared to large types of business. This difference lies not only in the scale of the business, the number of workers, and production capacity, but also the level of business resilience, where MSMEs are believed to be more resilient and have more resilience in running their business. Micro, Small and Medium Enterprises (MSMEs) as contributors to the national gross domestic product (GDP) have an important role for Indonesia's economic recovery. The government is committed to continuing to support MSMEs so that they are able to survive, develop and grow amidst the challenges of a pandemic and transformation through the National Economic Recovery Program (PEN). The government has also prepared various other programs to support MSMEs, such as interest subsidies, placement of government funds in partner commercial banks to support the expansion of working capital loans and MSME credit restructuring, MSME working capital loan guarantees, Productive Assistance for Micro

Enterprises (BPUM), Cash Assistance for PKL and Warung (BT-PKLW), and Government-borne MSME Final PPh incentives. These various programs are aimed at alleviating the impact of the pandemic on MSMEs through assistance programs from the capital side. Based on data from the Ministry of Cooperatives and Small and Medium Enterprises (KemenkopUKM) for March 2021, the number of MSMEs reached 64.2 million with a contribution to the Gross Domestic Product of 61.07 percent or IDR 8,573.89 trillion. MSMEs are able to absorb 97 percent of the total existing workforce, and can collect up to 60.42 percent of the total investment in Indonesia. BUMDes is established based on the needs and potential of the village which is the initiative of the village community. This means that the business that will be realized later is explored from the desire and desire to create progress in the village community. Government Regulation No. 60 of 2014 which turned into Government Regulation no. 8 of 2016 concerning Village Funds is the legal basis that regulates that villages can build their own villages with the support of funds. In supporting village development funds, it can be facilitated by Village-Owned Enterprises (BUMDes). Village economic activities through BUMDes have a commercial function to achieve BUMDes goals in improving the village economy. Increase village income, manage village potential, and become a pillar of village economic growth and equity. The principles of BumDes management include cooperative, participatory, transparent, accountable and sustainable.

The cooperative principle is BUMDes management in collaboration with customers and other work partners. The following is a participatory principle in which there needs to be active involvement from the community. The principle of transparency sees information disclosure related to BUMDes, then the principle of accountability in village management can be accounted for where all activities in village management must be well documented, and the last principle is *sustainable* , namely BUMDes management must be carried out in a sustainable manner. BUMDes is based on the potential resources and needs of the village as an effort to improve the welfare of village communities. The existence of BUMDes must be effective and in accordance with the purpose of its establishment. BUMDes are required to be able to contribute to the village (Pascasia and Yoseph, 2020). The BUMDes activities carried out are expected to generate profits. To generate profit, of course, good management must be owned by BUMDes. Good management is expected to increase the effective performance of BUMDes and further provide welfare for village communities. Villages that already have BUMDes but their management and organization are inadequate. This causes BUMDes as business entities to not be able to move optimally to improve the village economy. BUMDes also do not yet have a management system that is strong enough to support efforts to achieve financial management goals that are informative, transparent and accountable. The BUMDes management system also requires data collection on village potential through the provision of a database to increase village income. Belu Regency is one of the six districts/cities in the Province of NTT, which is located on the Timor mainland. The geographical position of Belu Regency in the East Timor Province of NTT is in the easternmost part and is directly adjacent to the Democratic Republic of Timor Leste (RDTL). Based on data from the Border Management Agency, there are 44 border villages in Belu District. The problems that will be examined in this study are: (1) How to identify the root causes of MSMEs in Belu Regency, especially in the border tourism area between Indonesia and Timor Leste? and (2) What is the draft policy priority for the Bumdes development strategy in mobilizing MSMEs in Belu Regency, especially in the Indonesia-Timor Leste border tourism area?

RESEARCH METHODS

Identification of the root causes of Village MSME Development. The role of BUMDes in driving the village economy is very important. So it is not surprising that in this case the government requires every village to have BUMDes. Despite the fact that the existence of BUMDes in the villages is only a formality, there has not been an active role in realizing the initial goal of establishing BUMDes. Therefore, research related to the development of BUMDes will continue to be needed. Draft Bumdes Strategic Policy Priorities in mobilizing MSMEs . The design of policy priorities in MSME development is based on an analysis of the AHP (*Analytical Hierarchy process*) obtained from informants who are business actors as well as several academic informants. Specifically for the AHP questionnaire, the business actors in question are those who really understand the situation and internal and external conditions of the business environment in Saptosari Village. The criteria used were length of business, turnover, and thinking ability of the informants which, according to the researchers, were included in the expert category.

RESULT AND DISCUSSION

The role of BUMDes in driving the village economy is very important, so it's not surprising that in this case the government requires every village to have a BUMDes. Despite the fact that the existence of BUMDes in the villages is only a formality, there has not been an active role in realizing the initial goal of establishing BUMDes. Therefore, research related to the development of BUMDes will continue to be needed. As is the case in the border villages in Belu Regency, the existence of BUMDes has not been able to support the community's economy. This is because there are still no professional staff participating in the management of BUMDes. It is very visible that BUMDes and UMKM are still running separately. The existing village funds have not been managed for the development of the local area's economic potential. Even though one of the objectives of village funds is to advance the rural economy. Therefore, BUMDes development is very necessary. In order to be able to play an active role in advancing the village economy, BUMDes must have a strategy in mobilizing MSMEs in villages, especially border villages. After looking at the condition of Bumdes in the villages of Tohe, Silawan and Duarato. After seeing the condition of MSMEs in the 3 villages, the researchers classified 3 aspects of the problems that occurred in MSMEs. The three aspects include: (1) input aspect; (2) process aspects; (3) output aspect. These aspects are a series that represents the condition of a business entity. The problems in these three aspects are also a basis for seeing how far MSME actors in border villages can face existing business obstacles. The input aspect is related to the accessibility of raw materials, namely the extent to which MSME actors can access raw materials. Several components related to raw materials are access to basic production materials and access to employment. While the process aspect is related to the production process or service process. If a business actor is more efficient and effective, it is likely that the resulting production process will also be more optimal. Several components related to the process aspect are the availability of innovative technology as an important component in the output which is related to the goods or services produced and how the business actor concerned can market them. When the level of marketing accessibility is getting better, it is likely that the product or service produced can be easily absorbed by the market. The selection of input, process and output aspects in this study is based on sectoral theory, that every business actor must face business constraints related to the acquisition of raw materials, production processes or services, and marketing. When the level of problems in these three aspects

is getting bigger and the business actors concerned find it difficult to minimize the existing problems, it is likely that these business actors will find it difficult to compete in a market arena because they have weak competitiveness. Likewise, if a business actor has good capacity in minimizing existing problems, it is highly likely that the business actor has good competitiveness and can compete in the market arena. Based on the information obtained from the results of direct interviews with MSME actors in border villages, in general there are various problems with MSME actors in border villages. In general, there are 2 types of problems faced by MSMEs: Internal factors and external factors. The internal factors that hinder MSMEs are: capital aspects, limited human resources, weak business networks and market penetration capabilities. External factors that hinder MSMEs are: the business climate that is not yet conducive, limited facilities and infrastructure, the implications of free trade, limited market access, and the nature of products with short *lifetimes* .

Table 1
Identification of MSME Problems in Border Villages

External Factors	Internal factors
Unfavorable business climate	Capital
Limited facilities and infrastructure	Limited Human Resources
Free trade implications	Weak business network
Limited market access	Market penetration ability
The nature of the product with a short lifetime	

The design of policy priorities in MSME development is based on AHP (*Analytical Hierarchy process*) analysis obtained from informants with status as business actors, village heads, and Bumdes administrators. Specifically for the AHP questionnaire, the informants in question are those who really understand the situation and internal and external conditions of the business environment in the border villages. The design of BUMDes strategic policy priorities in developing MSMEs in border villages is based on the conditions of MSMEs in the village. Based on the condition of MSMEs in border villages, policy priorities are then divided into four aspects as previously described, namely: (1) business environment aspects; (2) Aspects of accessibility of raw materials, (3) Aspects of the production process; (4) accessibility aspect; (5) Marketing aspect. Of the five aspects, they are still macro in nature, so the researchers re-sorted these aspects into five more detailed aspects, namely (i) business environment aspects (cultural, social, political, and security); (ii) capital aspect; (iii) employment aspect; (iv) aspects of technological innovation; (v) marketing aspects. The policy priorities for the MSME development strategy in border villages based on these five aspects are as follows: In the business environment aspect, there are 3 priority policies that must be taken by BUMDes in order to develop MSME in border villages, namely:

Policy Priorities from Business Environment Aspects

- (1) The first priority is the importance of maintaining a conducive security environment in supporting business development.
- (2) The second priority is the need for local government policies that can ensure the certainty of a conducive social environment.
- (3) The third priority is the need for ease of licensing services for BUMDes.

Policy Priorities from the Capital Aspect

In the aspect of capital, there are three priority policies that must be taken by BUMDes in order to develop MSMEs in border villages, namely:

- (1) The first priority is the need for easy access to capital from non-banks to business actors.
- (2) The second priority is the need for easy access to capital from banks to business actors.
- (3) The third priority is the need for local government policies to mediate between business actors and parties providing capital.

Priority Policy from Employment Aspect

In the employment aspect, there are three priority policies that must be taken by BUMDes in order to develop MSMEs in border villages, namely:

- (1) The first priority is that the local government needs to provide training facilities for workers.
- (2) The second priority is that all BUMDes must provide training for all of its members.
- (3) The third priority is the need for a minimum wage policy that is mutually beneficial to business actors and workers.

Priority Aspects of Technology Innovation

In the aspect of technological innovation, there are two priority policies that must be taken by BUMDes in order to develop MSMEs in border villages, namely:

- (1) The first priority is that every business actor has mastery of marketing technology.
- (2) The second priority is that local governments need to provide incentives for innovative business actors.

Marketing Aspect Priority

In the marketing aspect, there are two priority policies that must be taken by BUMDes in order to develop MSMEs in border villages, namely:

- (1) The first priority is the importance of marketing innovation training especially for BUMDes actors.
- (2) The second priority is the importance of association as a social capital force for business actors.

CONCLUSION

Based on the results of the analysis of policy priorities from all aspects, it is formulated that MSMEs are the main pillar of the economy of border villages in Indonesia and Timor Leste. To develop this sector requires integration between local governments, providers of capital, and the role of BUMDes in supporting and helping meet the needs of MSMEs in running their businesses. With this policy priority, it is hoped that it can become a basic reference for BUMDes administrators in Duarato, Tohe and Silawan Villages to develop MSMEs. Overall the main policy priorities that must be taken by BUMDes to develop Village MSMEs include;

1. Business environment aspect: The importance of maintaining a conducive security environment in supporting business development.
2. Capital aspect: ease of access to capital from non-banks to business actors
3. Employment Aspect: The local government needs to provide training facilities for workers.

4. Information Technology Aspect: every business actor has mastery of marketing technology.
5. Marketing aspect: the importance of marketing innovation training especially for BUMDes actors

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