



Village-Owned Enterprise (Bumdes) Samudera Mandiri, Patumbak Subdistrict, Deli Serdang Regency, Indonesia: A Descriptive Case Study

Eginta Brando^{a++*}, Suwardi Lubis^{b#} and Erika Revida^{b#}

^a Regional and Rural Development Planning, Graduate School, Universitas Sumatera Utara, Indonesia.

^b Regional and Rural Development Planning, Universitas Sumatera Utara, Indonesia.

Authors' contributions

This work was carried out in collaboration among all authors. All authors read and approved the final manuscript.

Article Information

DOI: <https://doi.org/10.9734/sajsse/2024/v21i7845>

Open Peer Review History:

This journal follows the Advanced Open Peer Review policy. Identity of the Reviewers, Editor(s) and additional Reviewers, peer review comments, different versions of the manuscript, comments of the editors, etc are available here: <https://www.sdiarticle5.com/review-history/118966>

Original Research Article

Received: 13/04/2024

Accepted: 16/06/2024

Published: 18/06/2024

ABSTRACT

This study aims to analyze the performance of the Village-Owned Enterprise (BUMDes) Samudera Mandiri in improving the income of the Marindal II Village community, Patumbak Subdistrict, Deli Serdang Regency. BUMDes Samudera Mandiri has been operating for eight years, focusing on household waste collection. This research employs a qualitative descriptive method, gathering data through observations, interviews, and document analysis. The findings indicate that the management of BUMDes Samudera Mandiri is effective in meeting four out of five good organizational performance indicators, despite a deficit between revenue and operational costs in

⁺⁺ Medan;

[#] Lecturer, Medan;

^{*}Corresponding author: Email: egintabrando78@gmail.com;

2023. However, BUMDes has not significantly increased community income, having only created ten new jobs. Supporting factors include available resource potential, and support from the village and subdistrict governments and community. Major obstacles are limited budget, low community participation, and lack of human resource competencies. Recommendations for improving BUMDes Samudera Mandiri's performance include increasing business capital, enhancing cooperation with companies through CSR, training for managers, and increasing community socialization and participation in BUMDes programs. These steps are expected to allow BUMDes Samudera Mandiri to contribute more significantly to the welfare of the Marindal II Village community.

Keywords: Marindal; BUMDes; qualitative; performance; Village Governance.

1. INTRODUCTION

Village-Owned Enterprises (BUMDes) are business entities managed by the community and village government to strengthen the village economy based on its needs and potential (Hillalliatun, 2018). As pillars of village economic activities, BUMDes function dually as social and commercial entities (slamet, 2021), providing social services on one hand and seeking profit through offering local resources to the market on the other [1]. The establishment of BUMDes is based on various regulations such as Law No. 32 of 2004 jo. Law No. 23 of 2014 on Regional Government, Law No. 6 of 2014 on Villages, and Government Regulation No. 72 of 2005 on Villages.

Rural development plays a crucial role in national development, given that about 70% of Indonesia's population resides in rural areas (Dewi, 2021). Therefore, the development of rural communities must continuously be enhanced by developing human resources capabilities to foster creativity and activities and raise environmental awareness. Village governments have a crucial role in creating an environment that encourages the initiatives and self-help of rural communities through BUMDes [2].

BUMDes play a role in managing village assets and economic resources to optimize village assets, enhance community businesses, create job opportunities, and increase village income (Putu, 2022). Optimal BUMDes management will make villages more independent, able to alleviate poverty, and improve community welfare [2]. The establishment of BUMDes is also an effort to utilize laws that give village governments the authority to innovate in village development, especially in enhancing the economy and community welfare.

The success of community development is not only determined by the availability of funds and

good financial management but also by active community participation and response [3]. The establishment of BUMDes is a manifestation of productive economic management in villages conducted cooperatively [4]. With BUMDes, village governments and communities can independently optimize village potential to improve the village economy and community welfare. Satia Negara Lubis and Arga Abdi Rafiud Darajat Lubis emphasized that progress in agricultural technology in Indonesia has played a crucial role in enabling the growth of Robusta coffee crop areas, encompassing both large-scale plantations and those controlled by local communities (2024). This progress in agricultural technology parallels the advancements seen in the role of BUMDes (Village-Owned Enterprises) in boosting local economies [5-8].

This research aims to provide in-depth insights into the role of BUMDes in increasing village community income, particularly through the case study of BUMDes Samudera Mandiri in Marindal II Village, Patumbak Subdistrict, Deli Serdang Regency. The results of this study are expected to enrich knowledge, particularly in developing BUMDes concepts to enhance community income. Using various literature and previous studies as references, this research is expected to make a significant contribution to understanding the role of BUMDes in improving village economies and community welfare in Marindal II Village, Patumbak Subdistrict, Deli Serdang Regency, and provide practical recommendations for village governments and communities in effectively and efficiently managing BUMDes.

This study is also closely related to previous research examining the role of BUMDes in improving village community welfare. Hartini [9] found that BUMDes in Batetangga Village helped enhance community welfare through the programs implemented. Munawaroh (2019) showed that the BUMDes program in Majasari

Village empowered the community and improved the village economy. This research will further examine how BUMDes Samudera Mandiri in Marindal II Village can increase the income of the village community.

The objectives of this research are to analyze the management of BUMDes Samudera Mandiri in Marindal II Village, Patumbak Subdistrict, Deli Serdang Regency, analyze the inhibiting and supporting factors in managing BUMDes, and analyze the performance of BUMDes in increasing the village community income. The ultimate goal of this research is to find a suitable BUMDes performance concept to increase the income of Marindal II Village community.

To achieve these research objectives, the research methods used include data collection through interviews, observations, and document analysis. The data obtained will be analyzed qualitatively to gain an in-depth understanding of the management and performance of BUMDes Samudera Mandiri. The analysis results are expected to provide a clear picture of the factors influencing BUMDes performance and provide appropriate solutions to improve BUMDes performance in increasing community income.

This research is expected to provide theoretical and practical benefits. Theoretically, this research can add knowledge, particularly in developing BUMDes concepts to enhance community income. Practically, this research can provide insights for village governments and communities in better managing BUMDes and provide references for other researchers who want to conduct similar research in the future.

2. METHODS

2.1 Type of Research

This research uses a qualitative descriptive method, which is a research procedure that produces descriptive data in the form of written or spoken words from observed individuals or participants. Descriptive research aims to describe all data or conditions of the subject or object of the study, then analyze and compare them based on ongoing realities and attempt to provide solutions beneficial for the development of science [10]. This type of research is field research aimed at studying the background, current conditions, and environmental interactions of a social unit such as individuals, groups, institutions, or communities. This

research also employs library research methods that refer to literature, books, and previous research reports regarding BUMDes Samudera Mandiri.

2.2 Research Location

This research was conducted at BUMDes Samudera Mandiri, located in Marindal II Village, Patumbak Subdistrict, Deli Serdang Regency. This location was chosen due to its relevance to the research objectives, which are to analyze the role and performance of BUMDes in increasing village community income.

2.3 Data Sources

This research uses two types of data sources: primary and secondary data. Primary data was obtained directly from respondents or objects studied through questionnaires from the community and interviews with BUMDes Samudera Mandiri management. Secondary data are those collected and reported by other parties such as books, journals, the internet, and official documents relevant to BUMDes Samudera Mandiri.

2.4 Data Collection Techniques

Primary data in this research were collected through observation and interviews. Observations were conducted by directly observing and recording things related to the research problem [10]. Interviews were conducted by asking questions to research subjects to obtain answers. Documentation techniques were also used to collect data through written records such as archives and books related to the research problem [11].

2.5 Research Respondents

Research respondents consist of 20 individuals with the authority to answer research questions, including the Head of the Community Empowerment Section of Patumbak Subdistrict, the Head of Marindal II Village, the Director of BUMDes Samudera Mandiri, BUMDes managers, and the Marindal II Village community. The distribution of respondents by gender and age is shown in the following tables.

2.6 Data Analysis Techniques

Qualitative analysis is used in this research, including data reduction, data presentation, and

conclusion drawing/verification. Data reduction is the process of summarizing, selecting key points, focusing on essential elements, and discarding unnecessary ones [10]. Taxonomy analysis techniques are used to continuously collect data through participant observation, in-depth interviews, and documentation. Data presentation is done after the reduction process, presenting data in the form of brief descriptions, relationship charts between categories, and the like. This presentation often uses narrative texts to facilitate understanding of what happens and to plan the next steps based on that understanding. Conclusions or verification are made continuously during data collection. Initial conclusions are temporary and will change if not supported by strong evidence in the following data collection stage. However, if initial conclusions are supported by valid and consistent evidence when researchers return to the field to collect data, the conclusions are considered credible [10].

3. RESULTS AND DISCUSSION

3.1 History of Marindal II

Village Marindal II Village was originally a plantation area managed by European entrepreneurs during the Deli Sultanate era. The plantation was named Mariendal, which means Princess Valley. After Indonesia's independence and the nationalization of Dutch companies and the administrative restructuring to the village level, Mariendal plantation was divided into two village areas, Marindal I and Marindal II. Currently, Marindal II Village, located in Patumbak Subdistrict, Deli Serdang Regency, borders the southern part of Medan City. As a suburban area, Marindal II Village is a good choice for residential settlements during

urbanization, bringing an increased need for infrastructure and public facilities for social, religious, and economic empowerment activities.

3.2 Social Conditions of Marindal II

Village Population According to the database from Marindal II Village, the population has increased over the last two years. According to the latest data from Marindal II Village, there are 17,179 people with 4,497 households. Of these, 8,803 are men, and 8,376 are women. The village also has varying education levels, with 4,149 people having primary education (SD/MI), 8,451 people having junior high education (SLTP/MTs), 9,051 people having senior high education (SLTA/SMA), and 170 people having a bachelor's degree (S1/Diploma). However, there are also 2,229 people recorded as dropouts. Economically, Marindal II Village shows positive growth year by year. The village's residents create their job opportunities, such as home-based businesses like laundry, sewing, and production, and waste management enterprises through BUMDes. The agricultural and small industry sectors are the biggest contributors to the village's economic growth. In terms of employment, most of Marindal II Village's population work as casual daily laborers, totaling 2,100 people or around 34.97%. This is followed by housewives, totaling 1,700 people or about 28.31%, and factory workers, totaling 500 people or around 8.33%. Additionally, there are 400 people or around 6.66% who are unemployed, and 250 people or around 4.16% are self-employed/traders. Marindal II Village not only experiences an increase in population but also shows positive economic growth with initiatives from residents to create job opportunities and utilize the resources available in their village.

Table 1. Respondent data

No	Informant	Description	Number (people)
1	Director of BUMDes Samudera Mandiri		1
2	Head of Marindal II Village as Commissioner of BUMDes		1
3	Head of Patumbak Subdistrict, Deli Serdang Regency	Minimum 1 year in Patumbak Subdistrict	1
4	Head of Community Empowerment Section, Patumbak Subdistrict	Minimum 1 year in Patumbak Subdistrict	1
5	Managers of BUMDes Samudera Mandiri	Minimum 2 years	4
6	Marindal II Village Community	Minimum 2 years in Marindal II Village	12
Total	20		

Table 2. Respondent distribution by gender

No	Gender	Frequency	Percentage (%)
1	Male	12	60
2	Female	8	40
Total	20	100	

Table 3. Respondent distribution by age

No	Age (Years)	Frequency	Percentage (%)
1	25-35	2	10
2	35-45	8	40
3	45-55	10	50
Total	20	100	

Table 4. Respondent distribution by education level

No	Education Level	Frequency	Percentage (%)
1	High School	12	60
2	Diploma (D3)	2	20
3	Bachelor (S1)	6	30
Total	20	100	

Table 5. Capital injection in BUMDes samudera mandiri

Year	Amount	Remarks
2016	IDR 20,000,000	Initial capital formation
2017	IDR 50,000,000	Sourced from Marindal II Village Budget 2017
2018	IDR 100,000,000	Sourced from Marindal II Village Budget 2018
2019	IDR 30,000,000	Sourced from Marindal II Village Budget 2019
2022	IDR 10,000,000	Sourced from Marindal II Village Budget 2022
Total	IDR 200,000,000	

3.3 Profile of BUMDes Samudera Mandiri

BUMDes Samudera Mandiri was established based on Marindal II Village Regulation No. 1 of 2016 to manage the potential of human, economic, market, social, cultural, and natural resources and increase village original income to improve community welfare. The objectives of establishing BUMDes include fostering community creativity, providing basic infrastructure and facilities, enhancing micro-economic businesses, and increasing community capacity and participation in development.

Initially, BUMDes Samudera Mandiri was planned to run nine types of businesses; however, it currently only operates one business sector, household waste collection. This is due to limited capital in establishing BUMDes. As of the 2024 Fiscal Year, BUMDes Samudera Mandiri has received capital injections four times from the Marindal II Village Government, totaling IDR 200,000,000.

As of 2024, BUMDes Samudera Mandiri is led by Muhammad Afif as Director with a total of 10 employees.

3.4 Supporting and Inhibiting Factors of BUMDes Samudera Mandiri

The presence of BUMDes Samudera Mandiri in Marindal II Village aims to improve cleanliness and community income. Supporting factors include abundant human resources potential, support from village and subdistrict governments, and support from the local community. However, there are also inhibiting factors such as limited budget and lack of human resource competencies.

3.5 Analysis of BUMDes Samudera Mandiri

Performance in Improving the Income of Marindal II Village Community Researchers use Dwiyanto's [12] theory to measure the

performance of BUMDes Samudera Mandiri in improving the income of Marindal II Village community with indicators of productivity, service quality, responsiveness, responsibility, and accountability. Based on productivity analysis, BUMDes Samudera Mandiri is still low, service quality is rated good by the community, responsiveness is high towards cleanliness issues, responsibility shows compliance with existing procedures, and accountability is implemented through periodic financial reporting [13,14].

3.5.1 Productivity

3.5.1.1 Cost of productivity

- **Excessive Expenditure:** The salary expenses of BUMDes employees exceed healthy limits, indicating inefficiency in management.
- **Impact on Budget:** These expenses affect the budget allocation of BUMDes, reducing resources that can be allocated for business development.

3.5.1.2 Implementation time

- **Time Management Effectiveness:** Well-structured time management helps in estimating work costs and improving operational efficiency.
- **Impact on Service Quality:** Proper implementation time can positively impact the quality of services provided to the community.

3.5.2 Service quality

- **User Feedback:** Positive feedback from service users indicates good service quality, instilling trust in the community towards BUMDes as a service provider.

3.5.3 Responsiveness

- **Responding to Community Needs:** The role of BUMDes in managing household waste collection responds to the community's need for a clean and healthy environment.
- **Impact on Welfare:** This responsiveness contributes to improving community welfare through maintaining a clean and healthy environment.

3.5.4 Responsibility

- **Compliance with Administrative Provisions:** Adherence of BUMDes to administrative and organizational provisions ensures smooth and sustainable operations.
- **Implementation of Articles of Association and Bylaws:** Implementing these as management guidelines shows organizational responsibility towards established structures and procedures.

3.5.5 Accountability

- **Accountability to Authorities:** Periodic submission of financial reports demonstrates BUMDes's commitment to fulfilling its accountability obligations to the authorities.
- **Management Transparency:** Financial reporting also helps ensure transparency and accountability in managing BUMDes funds and resources.

3.5.6 Interview summary

- **Director of BUMDes Samudera Mandiri (Muhammad Afif):** Stated that no service recipients complained about the quality of waste collection services. However, he acknowledged that limited capital caused only one business sector to be run. An additional capital of IDR 200,000,000 is needed to add new business sectors.
- **Head of Marindal II Village (Jufri Antono):** Stated that BUMDes Samudera Mandiri has successfully created a cleaner and disease-free environment for the Marindal II Village community. He also emphasized the village government's commitment to supporting BUMDes in improving the community's economy.
- **Operator of BUMDes Samudera Mandiri (Agus Suhardi):** Revealed that working at BUMDes has provided a steady income that he did not have when working as a casual laborer.
- **Head of Community Empowerment Section, Patumbak Subdistrict (Saiful Bahri):** Stated that although BUMDes Samudera Mandiri has not significantly impacted the community's income, it has successfully created a clean and healthy environment.

3.6 Performance Concept Recommendations

BUMDes Samudera Mandiri has been operating for eight years but has not maximally improved community income. Limited funds are the main cause, enabling only one business sector to run. Therefore, additional capital is needed to add new business sectors that can create job opportunities and increase community income. The 2023 financial report of BUMDes Samudera Mandiri shows a deficit caused by high operational vehicle maintenance costs. In the future, BUMDes Samudera Mandiri is expected to optimize existing potential and provide a more significant positive impact on the village economy [15].

3.7 Discussion

The research findings show that although BUMDes Samudera Mandiri has played a role in improving environmental cleanliness and creating some job opportunities, its contribution to increasing the income of the Marindal II Village community is still limited. The main obstacles are limited business capital and low human resource competencies. Performance analysis of BUMDes using productivity, service quality, responsiveness, responsibility, and accountability indicators reveals that productivity still needs improvement, while service quality and responsiveness are rated quite good by the community. The involvement of village government and local community is crucial to support the development of BUMDes towards more effective and efficient management [16].

To achieve the goal of significantly increasing community income, collaborative efforts between BUMDes, village government, and community are needed. Additional financial support and managerial and entrepreneurial training for BUMDes managers are highly required. Furthermore, business diversification supported by local resource potential such as agriculture and small industries can be an effective strategy. Through a more integrated and sustainable approach, BUMDes Samudera Mandiri is expected to contribute more significantly to the welfare of Marindal II Village community.

4. CONCLUSIONS AND RECOMMENDATIONS

BUMDes Samudera Mandiri has been operating for eight years, running one business sector, namely household waste collection. The performance has met four out of five good

organizational performance indicators. However, BUMDes has not significantly increased community income, evidenced by creating only ten new jobs. Supporting factors include available resource potential and support from the village government and community, while inhibiting factors include limited budget, low community participation, and lack of human resource competencies.

To improve the performance of BUMDes Samudera Mandiri, some steps that can be taken include increasing capital injection from the village government to allow business diversification, especially in the agriculture and waste management sectors, to increase income and create new job opportunities. The village government also needs to enhance cooperation with companies and factories in Marindal II Village to gain support in the form of CSR (Corporate Social Responsibility), either in cash or production tools. Additionally, technical guidance and training for BUMDes managers are necessary to improve management quality and performance. Creating programs and regulations supporting BUMDes performance, such as programs or regulations on clean and healthy living patterns, will also help direct the community to use BUMDes services. BUMDes managers should focus on increasing productivity and adding consumers or customers to reduce budget deficits and conduct more intensive socialization so that the community knows and understands BUMDes programs, reducing misunderstandings between the community and village government. Active community participation in various BUMDes programs and activities is highly expected to support BUMDes's success and sustainability in improving village welfare, as long as it does not contradict prevailing ethics and norms.

DISCLAIMER (ARTIFICIAL INTELLIGENCE)

Author(s) hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc) and text-to-image generators have been used during writing or editing of manuscripts.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

REFERENCES

1. Department of National Education, Center for Development System Dynamics Studies (PKDSP). Guidebook for the

- Establishment and Management of Village-Owned Enterprises (BUMDes). Jakarta: Faculty of Economics, Brawijaya University; 2007.
2. Prodensia U, Reyna V, Sagajoka E. The Role of Village-Owned Enterprises (BUMDes) in Increasing the Income of the Community of Ndururea 1 Village, Nangapanda District, Ende Regency. *Journal of Equilibrium*. 2021;2(1).
 3. Sudarmanto. HR Performance and Competency Development (Second Edition). Yogyakarta: Student Library; 2014.
 4. Agunggunanto EY, Arianti F, Kushartono EW, Darwanto D. Pengembangan desa mandiri melalui pengelolaan Badan Usaha Milik Desa (BUMDES). *Jurnal Dinamika Ekonomi dan Bisnis*. 2016;13(1). Available:<https://doi.org/10.34001/jdeb.v13i1.395>.
 5. Min HL, Tambunan TTH, Santosa B, Sumiyarti. The Drivers of Sustainability Practices in SMEs and the Impact on Business Performance. *J. Econ. Manage. Trade*. 2023;29(12):1-16. [Accesson: 2024 Jun. 11]. Available:<https://journaljemt.com/index.php/JEMT/article/view/1172>
 6. Muli MK. Strategic Choice and Organizational Performance of SMEs in Mombasa County, Kenya. *Asian J. Econ. Busin. Acc*. 2023;23(21):82-95. [Accesson: 2024 Jun. 11]. Available:<https://journalajeba.com/index.php/AJEBA/article/view/1119>
 7. Buede DM, Axelrad ET, Brown DP, Hudson DW, Laskey KB, Sticha PJ, Thomas JL. Inference enterprise models: An approach to organizational performance improvement. *Wiley Interdisciplinary Reviews: Data Mining and Knowledge Discovery*. 2018;8(6):e1277.
 8. Raof R, Basheer MF, Shabbir J, Ghulam Hassan S, Jabeen S. Enterprise resource planning, entrepreneurial orientation, and the performance of SMEs in a South Asian economy: The mediating role of organizational excellence. *Cogent Business & Management*. 2021;8(1): 1973236.
 9. Hartini. The Role of Village-Owned Enterprises (BUMDES) in Improving Community Welfare in Batetannga Village, Kab. Polman (Review of Islamic Economics). Thesis: Pare-pare; 2019.
 10. Sugiyono. Quantitative Qualitative Research Methods and R&D. Bandung: Alfabeta CV; 2017.
 11. Moleong LJ. Qualitative Research Methods. Bandung: PT. Teenager Rosdakarya Offset; 2017.
 12. Dwiyanto A. Realizing Good Governance Through Public Services. Yogyakarta: UGM Press; 2006.
 13. Dharma IPSP, Suryawan IGB, Putra IMAM. Peranan BUMDES dalam peningkatan pendapatan asli daerah Desa Baha Kabupaten Badung. *Jurnal Preferensi Hukum*. 2022;4(1):51-54. Available:<https://doi.org/10.55637/jph.4.1.6424.51-54>.
 14. Febryani H, Nurmalia R, Lesmana IMI, Ulantari NKW, Dewi DPYP, Rizky N. Keberadaan Badan Usaha Milik Desa (BUMDES) sebagai penguatan ekonomi Desa Abiantuwung. *Jurnal Ilmiah Akuntansi dan Humanika*. 2018;8(1):95. ISSN: 2599-2651.
 15. Lubis SN, Lubis AARD. Enhancing Indonesian Coffee Trade: Strategies for Navigating and Reducing Trade Barriers. *International Journal of Innovative Research and Scientific Studies*. 2024; 7(3):1248–1267. Available:<https://doi.org/10.53894/ijirss.v7i3.3231>.
 16. Rosyadi S, Setyoko PI, Kurniasih D, Ramadhanti W, Kusuma AS, Atika ZR. (n.d.). Penguatan kapasitas peran sosial BUMDES dalam penanggulangan dampak ekonomi COVID-19. *Wikrama Parahita: Jurnal Pengabdian Masyarakat, JPM Wikrama Parahita*. ISSN 2599-0020, e-ISSN 2599-0012.

© Copyright (2024): Author(s). The licensee is the journal publisher. This is an Open Access article distributed under the terms of the Creative Commons Attribution License (<http://creativecommons.org/licenses/by/4.0>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

Peer-review history:

The peer review history for this paper can be accessed here:

<https://www.sdiarticle5.com/review-history/118966>