

UDC 332

## **DEVELOPMENT OF VILLAGE-OWNED ENTERPRISES (BUMDES) FOR IMPROVING THE ECONOMY OF VILLAGE COMMUNITIES IN BINTAN REGENCY**

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### **ABSTRACT**

The Indonesian government's efforts to improve the economy of rural communities with the establishment of Village Owned Enterprises (BUMDes). BUMDes is an economic empowerment program for rural communities that encourages entrepreneurship growth and development by utilizing all available resources in the village. BUMDes that are successful in their management are BUMDes that can survive and thrive in providing economic benefits for rural communities amid economic challenges, increasing human needs and technological developments. Therefore, this study aims to determine the ability of BUMDes to survive and develop themselves to continue to provide benefits to rural communities, especially in improving the economy. This study uses a qualitative method with a case study approach. Data were obtained through in-depth interviews using the purposive sampling technique with BUMDes managers in Bintan Regency, especially 10 BUMDes that got the best ranking. This study found that BUMDes that can develop themselves are BUMDes that can diagnose BUMDes problems, develop strategies, develop activities and have a transparent monitoring mechanism. However, on the other hand, there are challenges for BUMDes to develop themselves, such as the low resources of BUMDes managers and the problem of disharmony between BUMDes managers and the village government.

### **KEY WORDS**

Village owned enterprise, development, economic improvement, organization development.

The village as the front page of Indonesia is a new perspective of development to realize the welfare of the community as a whole. Building Indonesia starting from the village was confirmed by the presence of Law Number 6 of 2014 concerning Villages, in which developing villages is the government's top priority. The village has always been marginalized in all aspects, getting significant attention from the government and being used as a front yard, not a backyard. The number of poor people in Indonesia as of September 2020 is 27.55 million, with 60% coming from rural communities (Marhaeni, 2020). Strategic steps and solutions are needed to solve these problems, one of which is by improving the economy of rural communities. The Indonesian government has made policies to improve the economy of rural communities regulated by village laws, one of which is by presenting the Village-Owned Enterprises (BUMDes) program.

Village-Owned Enterprises (BUMDes) are one of the rural economic base development programs the government runs. The establishment of BUMDes is based on the needs and potential of the village to improve the community's economy. BUMDes is built based on community initiatives and has cooperative, participatory, transparent, emancipatory, accountable and sustainable principles (Yansyah et al., 2021). BUMDes is a business entity characterized by a village that, in carrying out its activities in addition to assisting the implementation of Village Government, also meets the needs of the Village community. BUMDes can also carry out services, trade, and other economic development functions. The existence of BUMDes has been proven to encourage entrepreneurship with the dimensions of exploration and community empowerment with the support of all elements of society.

Nationally, the number of villages in Indonesia in 2020 is 74,957, while the villages that already have BUMDes are 51,134. Of the number of BUMDes established, 30,000 BUMDes have a turnover of over 2.1 trillion, with a workforce of more than one million workers (Sofi, 2021).

The existence of BUMDes to date has not significantly impacted the economy of rural communities. Although on the one hand, the number of BUMDes continues to increase both in terms of the number formed and the number of BUMDes that have generated profits. The significant and successful increase in the number of BUMDes is not followed by great benefits for the community (Arifin et al., 2020). Several factors cause these problems, such as low community participation and a sense of community ownership towards BUMDes (Faedlulloh, 2018). In addition, the low resource management of BUMDes and the limited number of business units managed by BUMDes (Agunggunanto et al., 2016).

Based on the above problems, it is necessary to take constructive steps and actions by all parties, especially the central and regional governments, to strengthen BUMDes institutions so that their functions benefit the village community. The presence and intervention of the government, especially the local and village governments, to be actively involved in the authority they have in managing BUMDes is very necessary. BUMDes organizationally and institutionally must function correctly. BUMDes that can survive and develop are BUMDes that are systemically healthy because they can develop themselves and carry out their functions well. To realize this, it is necessary to develop an organization for BUMDes to be able to develop themselves to achieve goals independently. Organizational development is one of the appropriate change management methods for an agency or organization because it can use tools and facilities to utilize human potential and adapt to the times (Doroshuk, 2019).

Organizational development is carried out using behavioural, motivational and staff development approaches. However, even organizational development has the advantage of solving the problem object as a whole. BUMDes so far, one of the obstacles in developing themselves is the weakness of human resources, so it is challenging to develop BUMDes (Agunggunanto et al., 2016). The impact of weak management ultimately makes derivative products from BUMDes, such as business units managed by BUMDes, become problematic, product quality is not good quality, and marketing aspects are weak.

The success of BUMDes as a financial institution in the village is highly dependent on governance, quality of human resources, natural potential and access to capital, technological and information capabilities, business capabilities, innovation, and performance (Ihsan et al., 2020). In addition to these factors, government attention and community participation are also essential aspects of the progress and success of BUMDes (Jia et al., 2019). However, far more critical is human resources and management ability in managing BUMDes. Therefore, in this study, the researcher focuses on building successful BUMDes in achieving organizational goals. So that there is no longer an opposing view from the public that BUMDes is only a formality and does not provide benefits to the community. Organizational development for BUMDes is deemed necessary because it sees the problems of the BUMDes organization as a whole, flexible and adapting to the times.

In Indonesia, most of the research related to BUMDes does not look at aspects of organizational development but specific aspects such as the HR aspect of BUMDes managers (Ulumudin et al., 2019) and the leadership aspect of BUMDes (Sofyani et al., 2019). The importance of social strengthening and community participation in managing BUMDes (Muryanti, 2020). Very few studies have looked at the aspects of BUMDes organizational development. At the same time, the success of BUMDes in running the wheels of its organization must be seen from all aspects, especially the BUMDes institution itself. BUMDes organizational development is expected to be able to answer complex problems with concrete and constructive solutions.

This research is expected to fill the space of weaknesses in various aspects to make BUMDes an effort to improve the economy of rural communities. In addition, it can be an input for policymakers in making strategic steps to advance BUMDes, especially in Bintan

Regency and BUMDes in Indonesia. This study aims to see how organizational development is carried out on BUMDes in Bintan Regency to improve rural communities' economies.

## LITERATURE REVIEW

### **Village Owned Enterprises (BUMDes)**

The concept of Village-Owned Enterprises is one of the Indonesian government's efforts to encourage local economic growth and develop village potential to improve the economy of rural communities. The legal basis for establishing Village-Owned Enterprises (BUMDes) is regulated in Law Number 32 of 2004 concerning Regional Government. BUMDes is a business entity whose capital is wholly or partly owned by the village, and the village participates; directly. This comes from separating village assets by managing assets, services, and other efforts for the maximum welfare of the village community. The establishment of BUMDes aims to explore and optimize the potential of rural entrepreneurs based on Village Law Number 6 of 2014. In addition, the BUMDes policy is increasingly supported by Government Regulation Number 11 of 2021 and Regulation of the Minister of Villages, Development of Disadvantaged Regions and Transmigration Number 3 of 2021, which states that villages have the authority to manage BUMDes.

Village-Owned Enterprises (BUMDes) are one of the rural economic base development programs the government runs. The establishment of BUMDes is based on the needs and potential of the village to improve the community's economy. BUMDes is built based on community initiatives and has cooperative, participatory, transparent, emancipatory, accountable and sustainable principles (Eko, 2014). Based on these principles, the management of BUMDes must be carried out professionally.

BUMDes, when viewed from the form of the institution, has the characteristics of a social enterprise. Institutions with social enterprise characteristics aim to achieve a social mission, but on the other hand, they also do business using market mechanisms (Santos, 2012). A social enterprise is a hybrid organization whose activities have two main characteristics, namely business and social. BUMDes has a social mission in that its presence must be able to provide solutions to social problems in rural communities such as unemployment problems by providing jobs, clean water, electricity, cheap basic materials and other fundamental problems. However, on the other hand, BUMDes also run a business so that the business results can support the survival of BUMDes.

### **BUMDes in Bintan Regency**

Village-Owned Enterprises (BUMDes) are legal entities established by the village/or villages to manage businesses, utilize assets, develop investment and productivity that provide services and provide other types of businesses where the maximum benefit is used for the welfare of the community. (Government Regulation 11 of 2021 concerning Village-Owned Enterprises, 2021). BUMDes, in running a business, has several business units that carry out economic activities and public services with legal entities that carry out the functions and objectives of BUMDes. The BUMDes business unit is created based on the potential possessed by the village, such as business units engaged in agriculture, fisheries, trade, savings and loans and tourism, so that BUMDes managers can choose based on the opportunities and potentials possessed by each village (Minister of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia Building, 2021).

The purpose of establishing BUMDes is to carry out economic business activities through business management, investment development, and economic productivity. Then carry out public service activities through the provision of goods and services and to meet the general needs of the village community (Kurniawan, 2015). BUMDes is also expected to be a means of obtaining profits or profits for increasing original village income and developing village economic resources where the benefits are used as much as possible for village communities. In realizing this goal, the management of BUMDes is carried out based on the spirit of kinship and cooperation by holding the principles of being professional, open and responsible, participatory, and prioritizing local and sustainable resources.

Bintan Regency is one of the regional governments in Indonesia, which is within the administrative area of the Kepulauan Riau provincial government. Bintan Regency has 36 villages and 36 BUMDes that have been formed. However, from the number of BUMDes that have been formed, based on the ranking made by the Ministry of Villages in 2019-2020, there are 3 BUMDes in the advanced category, 7 BUMDes in the Developing category, 19 BUMDes in the Growing category and 8 BUMDes in the Basic category. The BUMDes with advanced categories include BUMDes Anugrah Ekang, Ekang Anculai Village, BUMDes Mitra Perdana, Teluk Sasah Village, and BUMDes Sehati, Kampung Hilir Village. For developing BUMDes, they consist of BUMDes Maju Bersama Berakit village, BUMDes Dendang Bertuah in Busung village, BUMDes Sahabat in Malang Meeting, BUMDes Pengudang in Pengudang village, BUMDes Mitra Karya in South Toapaya village, BUMDes Sukses Jaya in Toapaya village and Bhakti Karya BUMDes in North Toapaya village (PMD Department Bintan Regency, 2020).

BUMDes, in its implementation to gain economic benefits, BUMDes has several business units that are run, such as businesses in the fields of plantations, trade and services, as well as the management of tourism objects. BUMDes in Bintan Regency has also received income to provide profit sharing for BUMDes and provide income to villages in the form of Village Original Income (PADes). In 2020 BUMDes in Bintan get a total income of Rp. 729,962,381, and donations in the form of PADes amounting to Rp. 159,677,373, (Dinas PMD Bintan Regency, 2020). Although the income of BUMDes and donations in the form of PADes obtained fluctuate from the income aspect every year. However, the existence of BUMDes still provides income for BUMDes managers, village governments and the community. So that with this income, it has an impact on the community and village government, such as providing financial income for the village government and providing community employment through business units managed by BUMDes, as well as facilitating village communities in obtaining basic needs. Although it is not significant for opening employment opportunities, it contributes to the village community, especially to the economic income of the community.

BUMDes in Bintan Regency is a small part that has shown progress, although their contribution is not significant. This can be seen from the development every year. BUMDes always obtain economic income. Nevertheless, on the other hand, many BUMDes are still far from expectations and seem to be walking in place. This can be seen from the number of existing BUMDes and existing BUMDes that are very far apart. Of the 36 BUMDes that have been formed, only 10 BUMDes whose existence impacts the village community, and even then, is not significant, what is more when compared to other BUMDes that are not in the top ten rankings. This problem is indeed due to the internal problems of BUMDes itself. The condition of human resources for managing BUMDes is low due to the minimal aspects of expertise, knowledge, community mindsets that have a negative opinion of BUMDes and the lack of community participation in the management of BUMDes.

In addition to internal BUMDes problems, one element dramatically contributes to the growth and development of BUMDes, namely the regional government, especially the Bintan Regency. Regional governments have broader authority to provide guidance, empowerment and supervision that can lead BUMDes to be better. However, this function is only a formality and is not directed and measurable in the guidance and supervision provided. So that BUMDes tend to be left to determine their destiny. The work of BUMDes so far has been limited to administrative and reporting work, not oriented to the sustainability and improvement of the community's economy.

When viewed from several BUMDes that can generate income due to the ability of BUMDes themselves to be able to move, survive and develop. The point is more to the internal factors of BUMDes itself so that the factors beyond that are only as a support in supporting the performance of BUMDes to generate economic benefits.

### **Organizational Development**

Organizational development is generally carried out to eliminate all factors that prevent the organization and all members from achieving organizational goals. The organization

assumes that all members are recognized for their roles and that each group plays a role in its effectiveness, so each group must coordinate. So that the problems that occur in the organization, even the most minor, can be adequately resolved, the parts that are not connected will become a disease and will enlarge if it is not immediately anticipated with good coordination.

Organizational development encourages responsible freedom, freedom in meeting personal needs in the workplace, meeting demands, and freedom in empowering employees. This organizational development approach also regulates interpersonal and group processes and how a person communicates and relates to other parties connected by a coordinated and cooperative network (Golembiewski, 2019). Therefore, organizational development is considered one of the directions of company development and is highly dependent on the object of its development. The direction of development of this organizational development can be divided into several organizational developments, including organization as a social formation, as a management function, as a function of improving company performance, as a simplification of organizational activities or as a manifestation of joint activities that are expressed in new creations and improving the system created. Then also stabilizes the organization by ensuring management integrity and preservation of critical features despite various external and internal changes (Doroshuk, 2019).

Organizational development, also in another perspective, is a planned change. The change comes from the renewal of the organizational environment that is very dominant in society. To maintain business in a dynamic and changing environment, an organization must be able to direct itself to adapt well to various environments. Organizational development requires a long process to fix problem-solving and organizational renewal problems, primarily through more effective and collaborative organizational culture management. Growing an influential organizational culture amid a conventional organization in running the organization's wheels takes a lot of time and money. Changing the mindset and behaviour that hinders the organization's running will also face obstacles that are not light, so it takes a long and effective process.

Practitioners and theorists have defined organizational development in various ways, one of which is due to its complexity. Organizational development is a planned effort at the organizational level to increase effectiveness and enable the organization to achieve its strategic goals. Another definition of organizational development from the psychological intelligence perspective is what organizations do about developing people (Jackson & Donovan, 1999). Various income experts regarding the importance of organizational development for an organization; in essence, it is a method to facilitate change and development for people in the organization to achieve its goals.

Organizational development aims to provide complete and correct information from within the organization itself to help the organization and its members make free choices. These choices relate to helping members of the organization to find various solutions to the problems or problems they are currently facing. The development of this organization has far-reaching importance in strengthening the organization's ability to solve problems. The development of this organization solves the problem as a whole. The orientation is not limited to the affairs of managers or employees of the organization. Organizational development is more about paying attention to the level of individual analysis.

Based on several definitions of organizational development above, organizational development is process-oriented. It is not only related to attitudes and relationships within the organization but moves to changes in structure and procedures. Organizational development describes the review process and improves the company's and its organization's effectiveness. Therefore, organizational development can be viewed from four perspectives (Judge & Robbins, 2008):

1. Goals to be achieved
2. Knowledge related to the management of organizational development
3. Strategies and policies to review and improve the effectiveness of the company or the like.
4. Activities to implement strategies and policies

Organizational development directs organizations or institutions to solve various problems that occur independently, not using outside consultants. It pays special attention to aspects of the process, not only to what results have been done but how the process will be done. Organizational Development is a philosophy which is a particular way of thinking about people in the workplace. It represents a set of values and assumptions. It also describes democratic values. The value of democracy is like providing opportunities for employees and other units to participate in the organization's decision-making process. As well as reducing dependence on hierarchical power manifests a normative-reeducative philosophy of education because it encourages individuals and groups to reexamine core values, beliefs, and operating assumptions about themselves, others, and how their organization functions (Carnevale, 2018).

An organization must develop in order to be able to survive and develop along with human growth and technological developments. The steps that need to be taken include four actions (Judge & Robbins, 2008), namely:

1. To make a diagnosis of what is needed to improve the organization's effectiveness and determine its goals to ensure the organization's continuity, it is necessary to make a diagnosis first. Diagnosis is carried out by conducting a thorough evaluation from the planning stage to implementation through specific mechanisms. Diagnosis aims to determine facts and identify problems that occur within the organization to find problems that hinder the organization's running. This diagnosis can be carried out periodically or not by a third party or from within the institution itself.
2. Develop strategies to achieve goals: strategy development can be done by utilizing supporting resources to achieve goals in the form of utilizing natural resources owned, human resources, finance and other sources that can be used as strength to achieve organizational goals. The development of this strategy is through improving the quality of human resources, specifically for business unit managers, through technical guidance, training, comparative studies, as well as bringing in experts and establishing cooperation with third parties.
3. Develop activities to implement strategies: develop existing activities such as expanding business units, expanding markets and strengthening capital by utilizing the existing potential and following technological developments to positively impact the organization's continuity.
4. Ensure backflow to monitor and evaluate monitoring and evaluation is a monitoring activity the organization must carry out. This is done to measure the success of the planned program and whether it has been carried out. The results of this evaluation will be the basis for the following policy for the organization to become better. For its implementation through internal and external oversight bodies (Stelzenmüller et al., 2021).

The problems faced by BUMDes can be overcome if BUMDes have good ways and solutions following what is needed by BUMDes, the development of the technological era, and pays attention to aspects of human needs that are increasing and changing. Organizational development is one of the exciting references and is following the needs of BUMDes as a social and economic organization that moves to improve the economy of rural communities. BUMDes, as a relatively new socio-economic institution based on village laws compared to other socio-economic institutions such as BUMN, if appropriately managed, will provide benefits for improving the economy of rural communities. However, the new conditions become a challenge for BUMDes to continue to exist in improving the economy of rural communities. Therefore, it is necessary to take strategic steps that BUMDes must carry out as an institution and organization by carrying out organizational development.

## **METHODS OF RESEARCH**

This research was conducted qualitatively using a case study design through in-depth interviews and observations. This study was conducted from the beginning of the year to the end of 2022. The data collection technique in this research was carried out through face-to-

face in-depth interviews, focus group discussions, field notes and documenting the data carried out by the researchers. This research is to answer the problems faced by BUMDes in improving the economy of rural communities from the development of the BUMDes organization in Bintan Regency. The BUMDes studied were 10 BUMDes consisting of 3 (three) BUMDes in the advanced category and 7 (seven) BUMDes in the developing category as an illustration of the condition of BUMDes in Bintan Regency. This study included elements of BUMDes, Bintan Regency Government, District Government, Village Governments, and several others, including community leaders and observers of social issues.

The participants for interviews were 20 people consisting of 10 BUMDes managers with advanced and developing categories, two representatives from the village government, one from the sub-district, four representatives from the local government of Bintan Regency (Community and Village Empowerment Office) and two people. From representatives of entrepreneurs, community leaders and observers of social issues. The data obtained from elements of the local government determines what capabilities have been carried out, while elements outside the government confirm what has been done to BUMDes. Researchers conduct observations that allow researchers to observe the situation, community attitudes and behaviour of BUMDes managers. Data and information will be analyzed with an interactive model, which includes data reduction, then data presentation will be carried out, and conclusions will be drawn or verified (Miles et al., 2014). Qualitative data and information were studied descriptively and presented as descriptions, charts, diagrams and tables to facilitate reporting findings.

## **RESULTS AND DISCUSSION**

Efforts to improve the economy of rural communities through BUMDes must involve various elements. Elements that are directly related to BUMDes or indirectly. The elements directly related are the BUMDes organ itself, including its human resources, management, and other devices directly related to BUMDes. At the same time, the indirect elements are all supporting aspects outside the BUMDes organs, such as village communities, village/regional governments, village potentials and so on. BUMDes, as a village institution engaged in the economy in its implementation, is always required to move and develop in order to be able to develop business units under its management to gain economic benefits. For this reason, the internal factors or elements of BUMDes must focus on the quality level in various aspects compared to external elements, which are only supporting.

All aspects of BUMDes play a role and function organizationally. Starting from management resources, BUMDes organizational mechanisms and other elements related to the progress of BUMDes. BUMDes organization must be able to move and develop to achieve organizational goals. To achieve this can be through organizational development. There are 4 (four) elements must be considered in organizational development so that BUMDes can develop and provide benefits for improving the economy of rural communities in Bintan Regency. The four elements include diagnosing BUMDes, developing BUMDes strategies, increasing BUMDes human resources and monitoring BUMDes.

### **Diagnosing BUMDes**

To improve the quality and ensure that BUMDes run according to its functions and to avoid problems that will harm BUMDes, early efforts are needed to prevent them. One of these efforts is to diagnose BUMDes organs thoroughly. It is identifying weaknesses and strengths as well as the obstacles to progress or what must be maintained to continue to provide economic benefits for the village community.

BUMDes with developed and developing categories in Bintan Regency in diagnosing BUMDes do not yet have a robust system, especially in identifying various problems that occur to BUMDes. So far, everything has been going on traditionally, as if there is no map of analysis and academic studies when creating something like a new business unit to develop BUMDes. Discuss the problems faced by BUMDes, usually done by accident if urgent

problems need to be discussed and resolved. Usually, to discuss these issues, BUMDes involve the village government, supervisors, and community leaders.

Likewise, with BUMDes managers improving services and the business units they run, if they face various problems, BUMDes does not have a mechanism to detect problems that occur. Again, however, more to the traditional pattern, like when a new problem is solved.

### **BUMDes Strategy Development**

BUMDes, in running business units, are expected to continue to be able to develop strategies. In order to survive and continue to grow, it is not enough to use existing strategies; innovation and new strategies are needed that follow the needs and developments of the times. Increasing human needs, technological developments and limited natural resources require an agency or business unit to be creative by developing new strategies. Innovations create substantial value for a company or business unit (Faedulloh, 2018).

So that it becomes a necessity for an organization or company that wants to continue to develop products in order to be able to survive the various kinds of problems that will be faced, innovation as a key corporate strategy is now at the top of managers' priority lists. As a result, policymakers pay great attention to gathering the right actors to produce an efficient innovation process and utilize new competencies (Gershman et al., 2018).

Innovation as one of the strategic developments carried out through the use of supporting resources to achieve goals such as utilizing owned natural resources, human resources, finance and other sources will be a force to achieve BUMDes goals. In addition, strategy development can also be carried out by improving the quality of human resources, specifically for business unit managers, through technical guidance, training, comparative studies, bringing in experts, and establishing cooperation with third parties. In recent years, innovations for a company have gained substantial momentum in academic research due to their vital role in sustainable economic development (Li et al., 2020)

In developing the BUMDes strategy in Bintan Regency, BUMDes managers work with the village government to conduct training specifically for BUMDes managers. The training is given to improve managers' understanding of managing BUMDes, especially in the financial management of BUMDes, managing business units and improving the quality of BUMDes products. Good human resources can drive new strategies and innovations towards competitive and sustainable advantages (Miao & Ji, 2020). The importance of quality management in human resources has made a company appoint top managers who have specific knowledge and a long working period because it will support a sound work system. On the other hand, appointing a lousy manager with little specific knowledge results in a flawed work system. However, the training to improve the quality of BUMDes human resources made through village government programs is only tentative, based on temporary needs.

In addition, BUMDes managers also get facilities to gain increased knowledge and expertise through the PMD service and village governments who bring in experts and experts to provide technical guidance on managing BUMDes finances and administration. All of these activities are tentative and not regularly scheduled. This strategy development activity that BUMDes managers often carry out is to consult directly with village Experts (TA) regarding the problems faced by BUMDes—starting from issues of administration, finance, organization and so on. Based on the knowledge obtained, it becomes the principal capital for BUMDes to manage business units so that they can survive and develop to provide benefits for village communities.

### **Developing BUMDes Activities**

The strategy that has been made does not have a good impact on increasing the goals of an agency or organization; likewise, BUMDes already have a strategy. However, the planned goals may run if the strategy is not developed through strategic support activities. Therefore, developing activities to implement strategies is a necessity to advance BUMDes. Therefore, developing activities such as expanding business units, expanding markets and

strengthening capital by utilizing the existing potential and following technological developments will positively impact the organization's continuity.

The strategic planning activities of an organization or company allow the determination of strategies and directions for using their resources. Strategic planning is beneficial in analyzing the situation, improving operational efficiency, guiding management in setting priorities and company goals and allocating resources to achieve and maintain competitive advantage (Raid & Alzoubi, 2021). The business or business unit must plan implementation in the right direction to survive and develop sustainably. The economy will develop rapidly, with the participation of many economic sectors and increasing competition. Strictly implementing marketing strategies with long-term plans will help businesses pursue profitability and develop sustainably and socially responsible (Hoang Tien et al., 2020). As a consequence of the development of the business world from a conceptual point of view, product development as an alternative business product development is a new approach to business sustainability (Eckert & Pechlaner, 2019).

The growth of BUMDes business units in Bintan is not significant; of the 10 BUMDes with advanced and developing categories, only a few BUMDes have additional business units for the 2019-2021 period. As for the BUMDes that have added business units, such as the Toapaya Village BUMDes with the Tourism Village Business Unit, Prestashop (BUMDes Teluk Sasah) and Mini Market (North Toapaya BUMDes). Meanwhile, in order to expand the market of business unit products, it is still not optimal.

This can be seen from the range of benefits of the products made for the village community. The product has not been consumed by people outside the village where the BUMDes is located. Likewise, with the utilization of natural potential and the use of technology, nothing can be done. All business units still use and utilize it sparingly. This shows that managers have not been able to develop strategies to improve the quality of business units and the economy of rural communities. The BUMDes business units in Bintan have not changed much since BUMDes was established. Only a few BUMDes, such as the BUMDes of Teluk Sasah village, have experienced additional business units since their establishment, such as establishing a Prestashop business. For other BUMDes, on average, they still run their old business units. At the same time, the quality of business units, innovation, efficiency and new product development are factors of competitive advantage (Hosseini et al., 2018).

To achieve a competitive advantage, BUMDes must focus on the main factors: efficiency, quality, innovation, and customer accountability. Likewise, environmental factors should not be ignored (Hosseini et al., 2018). The BUMDes business unit has not been maximally carried out for product innovation, especially in utilizing existing technology. Likewise, with product marketing activities that are still conventional, no social media accounts specifically promote BUMDes products. In terms of accountability, there are still many BUMDes that only seem careless in running their business units, including in creating products. At the same time, successful product development establishes a competitive business advantage. The use of the digital era in encouraging product development requires a company to adjust product design to survive amid technological developments (Chen et al., 2021).

### **Monitoring BUMDes**

Monitoring and evaluation are necessary for an organization or agency so that the planned goals run well. Ensuring the backflow to monitor and evaluate is a supervisory activity the organization must carry out. This is done to measure the success of the planned program and whether it has been carried out. The results of this evaluation will be the basis for the organization's following policy to improve. For its implementation through internal and external oversight bodies. Concern over the sustainability of activity and program is the main driver for monitoring and evaluating the day (Kabeyi & Akanni Olanrewaju, 2022).

BUMDes in Bintan Regency also carries out an evaluation process to ensure that the organization's goals align with planned. BUMDes always carry out the monitoring and evaluation process; apart from being a need for BUMDes to be evaluated, the central

government has also regulated this evaluation mechanism in laws and government regulations in a clear and detailed manner. BUMDes has an internal supervisor in charge of supervising and evaluating the performance of BUMDes. This supervisor is appointed directly in the village deliberation process during the formation of the BUMDes management structure. Many factors influence monitoring and evaluation. The natural and intellectual (artificial) environment greatly influences monitoring and evaluation. Changes caused by these environmental factors are complex and unpredictable. The effects of these environmental factors on the monitoring and evaluating of government interventions are unavoidable because organizations are open systems. Ignoring the influence of natural and intellectual (artificial) environmental factors on monitoring and evaluation cannot produce accurate information and valid recommendations (Uwizeyimana, 2020).

Therefore, the monitoring function must be carried out systematically and measurably so that BUMDes can evaluate to do something better. However, the reality on the ground shows that the internal control mechanism for BUMDes is not running optimally. BUMDes internal supervisors do not have a precise mechanism in their supervision process. There are only a few BUMDes that receive internal supervision through non-periodical meetings. Even many BUMDes internal supervisors are not functioning. As a result, BUMDes only carry out internal evaluations, which are carried out by the managers themselves at the initiative of the BUMDes directors, such as evaluation meetings on the running of the business unit. Even then, the evaluation meeting is not scheduled and is only tentative.

The evaluation uses and relies on data and information collected through systematic monitoring of government interventions. Thus, monitoring is a prerequisite for evaluation because it is almost impossible to objectively "determine the relevance and fulfilment of the objectives, efficiency, effectiveness, impact, and sustainability of development" of government interventions. Apart from the internal supervision of BUMDes, the village government also plays a role in evaluating and controlling and considering that the village government has contributed through capital participation provided to BUMDes. So that there is a moral and institutional responsibility so that the capital that has been provided functions as planned. However, not all village governments always supervise the operation of BUMDes. BUMDes seemed to be released after being given capital, so it was found that many programs or business units did not last long in their implementation.

## CONCLUSION

Organizational development is a necessity for an organization or company to be able to survive and develop. So likewise, with BUMDes, in order to be able to provide economic benefits for rural communities. However, BUMDes in Bintan Regency has not been maximal in organizational development, so the business units managed are not maximal in providing economic benefits for managers and village communities. Many factors cause this, including the weak management of human resources, an unsupportive environment and the lack of attention from local governments. However, the spirit of village managers and government is the hope for BUMDes to continue to improve themselves and contribute to the community, significantly improving the economy of rural communities.

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