

# THE DEVELOPMENT STRATEGY OF LOCAL ECONOMY THROUGH VILLAGE-OWNED ENTERPRISES ABBREVIATED AS BUMDes (CASE STUDY IN PAYAKABUNG VILLAGE, INDRALAYA SUB-DISTRICT, OGAN ILIR DISTRICT)

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## ABSTRACT

One of the indicators or characteristics of the regional autonomy successful is the creation of regional independence. Those efforts can be executed through the Village-Owned Enterprises (BUMDes). The purpose of this study is to describe alternative strategies for local economic development in Payakabung Village, North Indralaya Sub-District, Ogan Ilir District by applying SWOT analysis. This study is a descriptive quality research. The research site was conducted in Payakabung Village, North Indralaya Sub-District, Ogan Ilir District of South Sumatra. The focus of this research is based on the strategy

management process, with SWOT analysis. The results of SWOT analysis that have been carried out as the basis for the formulation of alternative strategies include as follows; Capital optimization to increase activities operationalization, partnership necessity together with private company in the processing of agricultural land, the existence of training and incentives by using CSR funds, Marketing products by involving the private sector as one of the promotional agents, the Village Fund which becomes the capital activities can be used for research on improving the quality of BUMDes products, Product marketing using online-based media to expand the target market.

**Keywords:** Local Economy, SWOT Analysis, Village-Owned Enterprises (BUMDes), Village Fund, Private Sector.

## INTRODUCTION

Decentralization policy is basically the handover of authority and power to the region in managing the region potential autonomously. Decentralization has the goal that the government is able to prioritize budget efficiency and effectiveness of the function of the government service system to all levels of Indonesian society. This means decentralization indicates a vertical structure of state power system from central to regional government. In Indonesia the implementation of Decentralization applied in the form of Regional Autonomy policy (Nadir, 2013).

One of the indicators or characteristics of the regional autonomy successful is the creation of regional independency,

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according to (Bahtiar & Supeno, 2020; Nadir, 2013) further stated that the autonomous region independency focuses on the first two things, namely the lower level of local government dependency to the central government, both in planning program, to the provision of funds. Regional planning will only be effective and efficient if it is created and implemented by the local government itself. The second is the ability of the region in advancing the level of independent economic growth (growth from inside) as well as external factors that directly affect the growth rate of regional development (growth from outside).

Based on (Undang-undang tentang Desa [UUTD], 2014) to support the development rural areas, the government strengthens two important rule points governing the development instrument, namely regarding village allocation funds sourced from the State Revenue and Expenditure Budget (APBN) and village revenue sources. Village allocation funds have been clearly regulated that the allocation of village funds is at least 10% of the balance funds received by districts / cities in the Local Budget (APBD) after deducting special allocation funds (DAK). This amount causes every village in Indonesia to achieve a larger allocation fund and being able to support capacity building and development programs in a village. In addition, villages are also given the opportunity to manage independent village income sources that can come from Village-Owned Enterprises (BUMDes), village market management, village-scale tourism area management, non-metal mineral mine management, rock mines without heavy equipment, as well as other sources income that are not for sale.

Payakabung Village is a village located in North Indralaya Sub-District, Ogan Ilir District, South Sumatra. In 2018 Payakabung Village is one of the villages among 14 other villages in South Sumatra determined as the best village in the village funds management in South Sumatra by the Ministry of Finance through the Directorate General of Treasury of South Sumatra

Province. This village is considered prospective as an organizer of Good Governance in the village financial management in 2018. Based on the data from the Ogan Ilir PMD Office, the assessment criteria for the use of village funds are the orderly administration of village-level planning distribution the Village Medium-Term Development Plan (RPJMDesa), Village Development Program Plan (RKPDesa), Village Revenue (APBDesa) progress of development implementation at the village level and reporting of village financial management.

Even though this village having performance, Village-Owned Enterprises (BUMDes) in Payakabung Village which is an institution that is formed and expected to be a partner for the community in continuing and developing the village economy, those are still faces many obstacles. They are such as lack of public awareness to actively participate in business units, extreme weather, falling selling prices of products produced by business units, and rules governing incentives that have not been suitable for BUMDes managers. The strategy of local economic development through SWOT analysis is one of the analytical methods used to formulate alternative strategies based on internal and external conditions of Payakabung Village, by using SWOT analysis is expected to obtain several alternatives that are able to assist Payakabung Village in solving problems and developing its BUMDes therefore it can have a significant impact on local economic development in this village. This study aims to describe alternative strategies for local economic development in Payakabung Village, North Indralaya Sub-District, Ogan Ilir District by using SWOT analysis.

## RESEARCH METHOD

This study is a descriptive quality research. Descriptive means this research is done on independent variables, i.e., without making comparisons or connecting with other variables (Erickson, 2017). The research site was conducted in Payakabung

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Village, North Indralaya Sub-District, Ogan Ilir District of South Sumatra. The focus of this research is based on the strategy management process, first; this research will analyze the direction and mission of Village-Owned Enterprises (BUMDes) organization in Payakabung Village. The next process is to analyze both internal and external environmental factors, the purpose of this analysis is to understand the BUMDes environmental in Payakabung Village to formulate a strategy for local economic development in Payakabung Village. The environment consists of external and internal environments. The external environment has two variables: *Opportunity* and *Threats*. While the internal environment has two variables: *Strength* and *Weakness*.

The data collection techniques in this study applies observation methods, interviews, and documentation studies. Observation is a data collection technique that is done by observing the field or research location directly. Interview is a primary data collection technique by asking a number of questions to informants based on indicators of predetermined research variables. Documentation studies is a method that is done by studying documents or records that have something to do with the subject matter (Mack, Woodson, Macqueen, Guest, & Namey, 2005). Data analysis techniques in qualitative descriptive research are to apply *interactive* data analysis techniques.

## LITERATURE REVIEW

### The General Description of Payakabung Village History

The history of the development of this village is starting from the name of the stop, which is a stopover for traders who use railway services. Payakabung became popular starting from the oil heating place which is in front of the Parti village road (*Simpang Parit*). Initially the oil heating environment was surrounded by swamps that were then called "*payo*" and villages around the outskirts of the swamps were planted with many forests (stalks). In the

end the name of the stop gradually began to disappear changed with the name of Dusun Payokabung and is currently famous by the name of Payakabung Village (Pemerintah provinsi Sumatera selatan, [PPSS], n.d.). Payakabung Village was formed in 1977, the first village was called Payakabung Hamlet around 1962 to 1969. Payakabung hamlet still includes the Marga Parit area, which was then led by the Village Chief named Mi'un Ahmad. After separating from Marga Parit Payakabung Village led by Krio Mi'un Ahmad previously domiciled as Village Chief, he ruled from 1977 to 1984, the same year of the first village chief was elected, and M. Tohir was elected for 10 years, from 1984 to 1994 (PPSS, n.d.).

In 1994 re-election of The Head of Payakabung Village won by M. Darwis with a term of two periods (10 years) namely from 1994 to 2004. Furthermore, Payakabung Village is led by Pjs Village Head, M. Napidin. R for one year from 2004-2005. In 2005 the third village chief was elected, and at that time Herman Susilo was elected as head of Payakabung Village with a term of four years. The period 2009 to 2010 the village was led by Pjs Head of Payakabung Village, named M. Yusuf (Sejarah desa payakabung, 2019). At the end of 2010, the fourth election of The Village Head of Payakabung was held and won by Faula Rosi. Mr. who was appointed by the Regent of Ogan Ilir named Ir. H. Mawardi Yahya on January 18, 2011. Currently Payakabung Village becomes a Depictive Village under the leadership of Mr. Faula Rosi MR. Payakabung is now starting to improve, development is gradually starting to be seen, starting with the construction of Village Health Centre (*Puskesmas*) building, Payakabung Village office construction, Early Childhood Education and Development (Paud) building construction, making concrete rabat road both in Countryside I and Countryside II, and currently also has a multipurpose building that serves as a sports facility and a place to hold deliberations (PPSS, n.d.).

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### Geographical Area of Payakabung Village

Payakabung Village is located in North Indralaya Sub-District of Ogan Ilir District, South Sumatra Province. The area of Payakabung Village amounted to 35.75 Km<sup>2</sup> or 4,151.09 hectares, consisting of a land area of approximately 23.45 Km (70%) and a water or swamp area of approximately 13.45 Km (30%). The geographical condition of this village is located at the height of the land from sea level with the amount of rain for six months in the space of one year. The average temperature of this village is 27 degrees

Celsius. Topology and arbitration of this village is the village up to the sub-district capital approximately two kilometers with a travel time of approximately six minutes. While the distance of the village to the district capital is six kilometers with a travel time of 18 minutes. The border of Payakabung Village are as follows: The north is bordered by Purnajaya Village; The south is bordered by Tanjung Baru Village; The east is bordered by Tanjung Baru Village and Permata Baru Village; and the west borders with Suka Mulya Village and Parit Village.

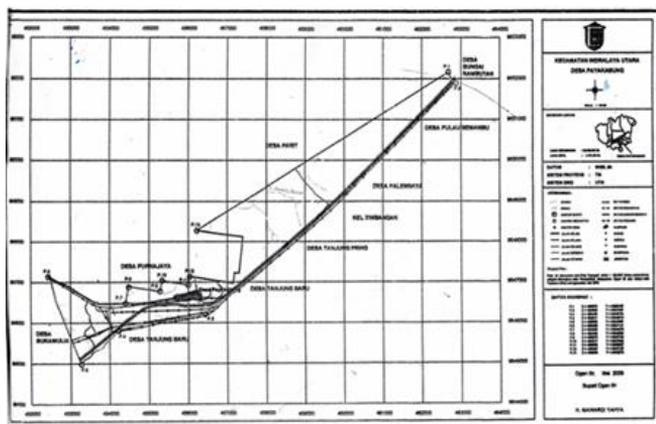


Figure 1. Payakabung Village Map (Pemerintah provinsi Sumatera selatan, n.d)

This village has two Countryside, namely Countryside I and Countryside II, each of which is headed by the Head of Countryside (Kadus). Countryside I consist of three Neighboring Pillars (RT) namely RT 01, 02 and 05, while Countryside II consists of two RT namely RT 03 and 04. The location of these two Countryside is only separated by railway tracks. The number of villagers based on data from the Payakabung Village Government is 612 heads of families or 2366 people in 2018, while the number of residents in 2019 has increased by 658 family heads or 2568 people. Meanwhile, the profession of the community in this village is very diverse, such as civil servants who currently number 47 people, private employees as many as

196 people, rubber farmers as many as 123 people, farm workers or eavesdroppers as many as 239 people, merchant as many as 125 people, service businesses as many as 7 people, drivers as many as 45 people and self-employed and others as many as 165 people.

Payakabung Village has a vision and mission that includes all program plans and development activities that will be carried out by Payakabung Village gradually and continuously has to be able to deliver the achievement of the Village Vision - Mission. Vision and Mission of Payakabung Village in addition to being the Vision-Mission of the Elected Village Head Candidate, is also integrated with the common desire of the village community

Ismail, G.F., et al. (2022). The development strategy of local economy through Village-owned enterprises abbreviated as BUMDes (case study in Payakabung Village, Indralaya sub-district, Ogan Ilir District). *STED Journal*, 4(1), 111-126.

where the preparation process is carried out participatorily starting from the Village/Group level to the Village level. The vision of Payakabung Village is as follows "Creating a healthy, intelligent, faithful and religious Payakabung Village community and united to build the economy towards common prosperity and grow the Productive Economy of the community". While the mission of Payakabung Village is as follows:

- Realizing effective and efficient of the village governmental in order to optimize service to the community,
- Prioritizing facility and infrastructure development on target as well as emphasizing community necessity,
- Building facility that support economy activity movement especially for industrial and home industry, agriculture, commerce
- Creating community mindset about the importance of education and health as well as health disturbance.

In these vision and mission explained that there is a desire from village leaders to build villages so as to make the village able to provide good services to the community, the village government also continues to improve facilities and infrastructure for the benefit of the community and as a support for the village community to improve the economy to be more independent.

### **The Analysis of Payakabung Village Revenue**

Village revenue as includes all receipt of fund through village accounts which is the right of the village in one budget annual that does not need to be paid back by the village. The village revenue estimate is based on the assumption of the realization

of village income in the previous year with an estimated increase based on the potential of being the original source of village income, The Balance Fund Section, Financial Assistance from the Government, Provincial Government and District Government, Third Party Grants and Donations. The assumption of Payakabung Village Income in Fiscal Year 2020 is IDR.1,358,543,866.00 (one billion three hundred and fifty-eight million five hundred forty-three thousand eight hundred and sixty-six rupiah), this budget can be illustrated in the Table 1.

Based on the table above shows that Payakabung Village income in 2020 is the highest comes from the State Budget in the form of village funds amounting to IDR. 866,094,000, - or 64% of all village income owned during 2020. Furthermore, the other income owned by Payakabung Village is derived from the allocation of village funds and fixed income which is IDR. 482,389,866, - or 36% of Payakabung Village income. But based on the table, village income derived from the original income of Payakabung Village for one year is only 0.41% or IDR. 5,600,000, which comes from Stated-Owned Enterprises (BUMDes) revenue share, and other income is only 0.33% of the overall income of Payakabung Village which comes from the results of village businesses, namely the village market and the village Drinking Water Company. Those are very much different when compared to village spending spent to provide capital participation for Village-Owned Enterprises (BUMDes) and funds for community empowerment. This means that the village economy dependency still does not exist, the village government still relies on village funds provided by the central government to carry out village development.

Ismail, G.F., et al. (2022). The development strategy of local economy through Village-owned enterprises abbreviated as BUMDes (case study in Payakabung Village, Indralaya sub-district, Ogan Ilir District). *STED Journal*, 4(1), 111-126.

Table 1. Payakabung Village Income in 2020 (Meutia & Liliana, 2017)

Analyses	Amounts	Percentages
A. Village Original Income (PADesa):		
Revenue Share from Village-Owned Enterprises (BUMDes)	IDR. 5.600.000, -	0,41%
Village business results (village market and village Drinking Water Company)	IDR. 4.460.000, -	0,33%
Village Revenue Result		
Self-Help Results and Community Participation		
Bank Interest or Current Account Services		
B. Transfer Revenue		
State Budget Village Fund (APBN)	IDR. 866.094.000, -	64%
Part Of the District Tax and Levy Proceeds		
Village Fund Allocation (ADD) + Fixed Income Payment Policy (SILTAP)	IDR. 482.389.866, -	36%
Financial Assistance from The Government		
Financial Assistance from the Provincial Government		
Financial Assistance from the District/City Government		
C. Others Revenue		
Party grants and donations		
Other legitimate village income		
<b>Estimated Amount of Revenue</b>	<b>IDR. 1.358.543.866, -</b>	<b>100%</b>

Village spending as intended includes all expenditures from village accounts which are village obligations in one budget year that will not be paid back by the village. This spending in accordance

with (Peraturan Kementerian Dalam Negeri [PKDN], 2007) consists of Direct Spending and Indirect Spending, Payakabung Village Spending in 2020 can be seen at the Table 2.

Table 1: Details of Payakabung Village Spending Forecast in 2020 (Inten, & Liliana, 2017)

No	ANALYZES	AMOUNT	PERCENTAGE
1.	Implementation of the Village Government	IDR. 366.531.400, -	27%
2.	Implementation of Village Development	IDR. 196.487.866, -	14%
3.	Community Development	IDR. 43.400.000, -	3%
4.	Community Empowerment	IDR. 15.800.000, -	1%
5.	Emergency, and Urgent Countermeasures	IDR. 500.982.300, -	37%
6.	Village-Owned Enterprise (BUMDes) Capital Participation	IDR. 235.342.300, -	17%
	<b>Spending Estimation Amount</b>	<b>IDR. 1.358.543.866, -</b>	<b>100%</b>

Ismail, G.F., et al. (2022). The development strategy of local economy through Village-owned enterprises abbreviated as BMUDes (case study in Payakabung Village, Indralaya sub-district, Ogan Ilir District). *STED Journal*, 4(1), 111-126.

Based on the table above show that Payakabung Village spending above, the distribution of spending is divided into six types of spending, namely, government spending is IDR. 366,531,400, - or 27% of the total spending of Payakabung Village. Details of the cost of spending on the implementation of the village government are intended for the provision of fixed income and village head allowances, village devices, social security for village heads and village devices, provision of village government operational funds, Village Consultative Agency (BPD) allowances, and BPD operational provision. In addition, village government maintenance spending is also used for the provision of village government infrastructure facilities, population administration management, civil registration, statistics and archival and implementation of governance, financial planning and reporting.

Village development expenditure in 2020 is estimated to reach IDR.196,487,866, - or 14% of the total spending of Payakabung Village. The Details of this expenditure are intended for the Education's field, namely the education implementation at various levels such as: Early Childhood Education and Development (PAUD), kindergarten, landfill, non-formal schools owned by the village government. In addition, the expenditure of the village implementation development is also intended for the health sector, namely the implementation of village health posts, the implementation of Integrated Healthcare Centre (Posyandu) and the health alert village program. The Details of this expenditure are also used for the cost of public works and spatial arrangements, namely the construction, rehabilitation and improvement of village road infrastructure. Furthermore, this expenditure is also allocated to the residential area in the form of development and rehabilitation of improving clean water connections to households, development of village-owned forestry and environment and implementation of village public information.

The other Payakabung Village spending is community development spending which amounted to IDR. 43,400,000, - or 3% of the total spending of Payakabung Village. The Details of community development spending are intended for the procurement and implementation of village security posts, extension training or socialization to the community in the field of law and community protection, the construction of village-level arts and culture groups, cadet coral construction, youth and sports clubs at the village level, the construction of indigenous institutions, the construction of Village Council (LKMD), Community Empowerment (LPM) or Village Community Empowerment Institute or Village (LPMD) and the guidance Empowerment of Family Welfare (PKK).

The Other expenditures allocated in 2020 are community empowerment expenditures, this total expenditure is amount IDR.15,800,000, - or 1% of the total Payakabung Village spending in 2020. The Details of community empowerment spending are intended for increasing the capacity of village apparatus, namely village devices and Village Consultative Agency (BPD) and the budget is used for training and counseling for child protection in this village. While for this year the largest budget used for spending is disaster management, emergency and urgent spending, this is because this year the community, especially in Payakabung Village, was frightened by the spreading of the Corona Virus Disease 2019 (Covid-19) outbreak, this budget is intended for communities affected by Covid-19, the amount of the budget for this expenditure is IDR. 500,982,300. - or 37% of the total spending of Payakabung Village in 2020. This budget is allocated directly to communities affected by Covid-19 in the form of groceries necessity and other assistance funds to support the economy of the village community.

The last of Payakabung Village Expenditure is intended for the participation of Village-Owned Enterprises (BUMDes) Payakabung capital, which is amount IDR.

Ismail, G.F., et al. (2022). The development strategy of local economy through Village-owned enterprises abbreviated as BUMDes (case study in Payakabung Village, Indralaya sub-district, Ogan Ilir District). *STED Journal*, 4(1), 111-126.

235,342,300, - or 17% of the total village budget in 2020. This capital participation is given to the efforts of villagers under the auspices of Village-Owned Enterprises (BUMDes), these businesses are village savings outlets, fragrant lemongrass, oyster mushrooms, toman fish nurseries, chicken husbandry and other businesses that will be developed by Village-Owned Enterprises (BUMDes) Payakabung.

### **Forming Process of Village-Owned Enterprises (BUMDes) Payakabung**

The establishment of Village-Owned Enterprises (BUMDes) is based on the results of meetings and deliberations with the village community related to the formation of Village-Owned Enterprises (BUMDes) on January 16, 2017. The establishment of BUMDes Payakabung based on Village Head Decree No. 140/19/BUMDes/I/2017 published on January 17, 2017. Furthermore, based on the Decision of the Village Head No. 41/20/SK. BUMDES / PYK / VI / 2018 dated June 25, 2018, then the management of Independent Village-Owned Enterprises (BUMDes) Payakabung Village was formed (Aritenang, 2021). The background of Payakabung Village encourages the formation of BUMDes as the desire of village devices and village communities to increase the economic potential of Payakabung Village. The potentials of Payakabung Village are agricultural land whose results can later be sold in the market to increase the number of farmers, and reduce unemployment in this village. The types of village potential that have are fragrant lemongrass oil, oyster mushrooms, ornamental cramps, *Bongkol* food, peanut food (*Peyek*), chicken husbandry and rubber gardens.

The initial capital participation for Village-Owned Enterprises (BUMDes) Payakabung in 2017 came from the village fund budget amount IDR. 137,310,000, -. The funds are further divided for the inclusion of fragrant lemongrass business capital amount IDR. 50,000,000, this fund was disbursed in 2017, which is given to villagers who have fragrant lemongrass

businesses. Those Funds are issued in the form of fragrant lemongrass seeds and organic fertilizers, the result of which will be essential oil. This oil is the raw material for many products including the manufacture of cosmetic products, fragrances, perfumes, aroma therapy, flavoring, painkillers, anti-infection and bacterial killing.

Furthermore, the capital participation of Village-Owned Enterprises (BUMDes) Payakabung is further intended for the funding of the slaughtered chicken business unit. Those Funds issued for this chicken husbandry business amounted to IDR. 51,000,000, - this fund was issued based on Village Regulation No. 01/BUMDes-M/PYK/VI/2018 on June 04, 2018 on the funding of chicken herd business units. This fund is issued for the purchase of village goods or assets in the form of chicken seedlings, vaccines, cutlery and drink chickens, chicken animal feed and others. The other budget of Village-Owned Enterprises (BUMDes) is intended for capitalization of oyster mushroom cultivation which is amount IDR. 35,000,000,-. This oyster mushroom business has actually been running since 2015, at that time this business failed so that it had a vacuum. Since the existence of Village-Owned Enterprises (BUMDes), this business then bounced back in 2017 until now. Village-Owned Enterprises (BUMDes) in this effort to prepare everything needed by residents, even the land has also been prepared by BUMDes, but there are still some obstacles in the management of oyster mushrooms, namely constraints on water factors and unprofessional managers therefore it isn't maximal managed. In the strategy management process, it is important for the organization to build both of vision and mission of the organization or company up to the assessment successful of the implementation strategy as a reference to make a new decision that are oriented to the future. Vision and mission describe the values that are considered important and the goals of the organization. The values that exist in the vision and mission of an

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organization are useful to provide the clear guidelines for various organizational both in action and behavior decisions (Wiggill, 2014). Village-Owned Enterprises (BUMDes) Pakabung Village itself has the vision of "INDEPENDENCY" which is "Realizing an Independent Village that Is Able to Serve the Community to Achieve Mutual Prosperity". Furthermore, to describe this vision, a mission is created which as the basic framework in determining the direction of the organization and the decision-making management in the future. Village-Owned Enterprises (BUMDes) Payakabung mission consist of as follows:

Developing Village-Owned Enterprises (BUMDes) as a locomotive of economic activities and empowerment of village communities to improve the community welfare of Payakabung Village in realizing independency in all fields.

Increasing The Village Original Income of Payakabung to improve the development and improvement of the community services of Payakabung Village.

Exploring and empowering the village potential to be used in an effort to improve the community's welfare.

Strengthening institutions and expanding the work network through cooperation, both internally and externally, those villages with various potentials of the community and parties as well as synergy with government institutions to strengthen the economy growth of Payakabung Village.

## **RESULT AND DISCUSSION**

Based on the vision and mission of Village-Owned Enterprises (BUMDes) Payakabung above, BUMDes was created with the aim to create community independency in Payakabung Village by providing good services to the community to realize a prosperous society. It is hoped that through this Village-Owned Enterprises (BUMDes) able to realize economic independency and community empowerment. Along this activity, BUMDes is expected to increase the

original income of Payakabung village. Village-Owned Enterprises (BUMDes) is also expected to act as a bridge for people who have businesses to establish good cooperation with relevant stakeholders therefore able to develop the community potential and the village economy. The Potential Analysis of Payakabung Village to be developed Village-Owned Enterprises (BUMDes) grouped into a variety of products developed by the surrounding community consisting of as follows:

### **Lemongrass Product**

The development of fragrant lemongrass cultivation in Payakabung Village began from the creativity from one of the villagers who wanted to open a business that was different from the efforts of the majority residents in this village, namely rubber and palm oil farmers. Furthermore, in 2016 Payakabung Village welcomed a team from Semarang City Regional Government who made visits and observations about local potential that has to be managed to the maximum and produce for the village community. In that the profession of the people in Payakabung Village itself are still monotonous, therefore, it is necessary to make a guidance in making changes to agricultural patterns, one of which is the ride-hailing system. From the results of these observations, the team saw the potential that could be developed in this village. The potential shows a gap in the rubber plantations of residents who are still very young and have enough space to do a sari system.

The results of these observations were further reported to Ogan Ilir Regent as an input for the development of Payakabung Village. The village community also asked the district government to generalize the development of village potential in accordance with the state of the village area such as temperature, soil contours and different climates of each region. Based on this condition, the economic development of Payakabung Village starts from the innovation of superior products, namely fragrant lemongrass, this product is newly cultivated in Payakabung Village. The

Ismail, G.F., et al. (2022). The development strategy of local economy through Village-owned enterprises abbreviated as BUMDes (case study in Payakabung Village, Indralaya sub-district, Ogan Ilir District). *STED Journal*, 4(1), 111-126.

management of lemongrass is utilized from all sides even the resulting waste is also reusing.

In 2017 the people who developed fragrant lemongrass plants felt that this plant has promising potential if they are developed. Furthermore, the community uses makeshift equipment, namely simple distillation tools and processing fragrant lemongrass into fragrant lemongrass oil. The result of such simple management turned out to produce the economy of the citizens, therefore the program is finally developed by the community and proposed to the government to be developed better. The community expects capital assistance in the form of fertilizer subsidies and seeds for lemongrass. Therefore, the obstacle in the development of lemongrass oil is a volatile price in accordance with market conditions, so that the results of profits from sales often experience ups and downs. In these calculations for a period of two months should be the profit obtained reached amount IDR. 5,000,000, - per month, but due to fluctuating prices, the profit only reached only IDR.1,600,000, - per month.

In 2018 the development of fragrant lemongrass oil was included in the budget of State-Owned Enterprises (BUMDes) Payakabung, in order to the condition of the price of local fragrant lemongrass did not sell in the market because it was inferior to the cheaper export lemongrass price, finally, this development did not work well. In mid-2018, the community innovated by mixing local scented lemongrass distilled produce with other spices so that it became massage oil, and its distillation water was used in mixtures to make a soap. This fragrant lemongrass oil also contains ethanol as a substitute for alcohol, so this oil is also used by the public as a Covid-19 prevention product in the form of hand sanitizers that are used privately due to difficult permit limitations. Furthermore, in 2019 this product is budgeted by BUMDes to make distillates that are modified therefore they can distill various products such as other plant sterilization media for their own production.

In addition to massage oil and a mixture of fragrant lemongrass soap is also processed into syrup that was originally processed into tea with a refreshing fragrant lemongrass essence. The obstacles encountered by State-Owned Enterprises (BUMDes) in guiding the community are consumptive community behavior, namely the community is used to consuming outside goods instead of their own production goods. State-Owned Enterprises (BUMDes) in this case has helped the community in innovating to develop the lemongrass itself into a useful product.

### **Oyster Mushroom Product**

The oyster mushroom business has actually been running since 2015, at that time this business failed so that it had a vacuum and bounced back in 2017 until now. While the connection of this business with Stated-Owned Enterprises (BUMDes) began at the end of 2018. The role of Stated-Owned Enterprises (BUMDes) in this business is to prepare everything needed by the citizens, even the land has also been prepared by BUMDes, but there are still obstacles to the water factor and the administrator is still unprofessional so that it is not fully maximal. In 2017 the needs of the oyster mushroom market are still well fulfilled. In a day they can reach 100 kg in a market, so that the turnover can be quite a lot. But when the current pandemic period there is a decrease because the market needs are reduced, nowadays the production is reduced to normal conditions. The process of planting oyster mushrooms from start to finish takes about two months and a half starting from preparation to harvest, with the calculation method used by using a new capital count taking into account's results. The tendency of each planting mechanism depends on each farmer. There are breeding methods with their own development ranging from nurseries and preparing breeding to be re-cultivate, in accordance with existing opportunities.

This oyster mushroom business when tied to Stated-Owned Enterprises (BUMDes) for one-year profits that can be only to return capital because it is still

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focused on completing equipment and supporting facilities, so that in the second period can only reach the benefits, it is also very influential when recruiting local residents as workers. The harvest system is used every day, with the harvest period seeing the condition of the fungus, for those who have a slightly thin edge has to be harvested, although there is no market demand because the product is left longer, they will be becoming rot. In addition, another way is processed, but currently constrained by covid, processed products are not in accordance with the desires of the market. If the production is a lot but marketing is small, the manager should be able to pack as well as possible and put in a refrigerator that can more or less last for two days.

### **Fowl Husbandry**

Fowl husbandry business has been implemented by Stated-Owned Enterprises (BUMDes) since June 2018, Fowl husbandry business is basically the result of the aspirations of villagers who have adequate land area and have considerable interest in poultry maintenance. Fowl husbandry has been regulated in Village regulation number 01/BUMDes-M/PYK/VI/2018 on the funding of chicken herd business units, with a funding amount IDR. 50.000.000, -. Until now there have been no significant obstacles and able to progress from 2019 to 2020.

### **Toman Fish Cultivation (Channa microplates)**

The potential of the river in South Sumatra is a great potential for the development of freshwater fish cultivation. One of them is the cultivation of Toman fish which is a type of fish from the cork fish tribe. Toman has a high economic and nutritious value, and is easy to cultivate (Sinh & Pomeroy, 2010). People in Payakabung Village also cultivate this toman fish in an effort to improve the village economy.

In this study also describes the analysis both of internal and external factors that aim to find out the strengths and

weaknesses of the organization in operations and managerial, it is necessary to examine the strengths and weaknesses of the organization before determining goals and outline to the action of achieving goals (Teece, 2010). Internal and external environmental analysis is also needed to identify areas of weakness and determine whether they have strategic significance – and whether they make the organization getting weak. The Analysis of an organization's internal environment is sometimes referred to as an analysis of an organization's strengths and weaknesses, or also called an organization's self-identity analysis (SWOT) analysis. SWOT analysis is the systematic identification of various factors to formulate an organizational strategy. This analysis is based on logic that can maximize strength and opportunity, but can simultaneously minimize weaknesses and threats (*threats*). SWOT stands for internal environment strength and weaknesses as well as the external environment of opportunities and threats faced in the organizational world. SWOT analysis compares external factors of opportunity and threat with the internal factors of strengths and weaknesses (Vlados, 2019). Internal factor analysis is an analysis conducted on factors derived from within the village and Stated-Owned Enterprises (BUMDes) Payakabung consisting of strengths and weaknesses. Meanwhile, external factor analysis is an analysis conducted on factors derived from the outside environment of the village and Stated-Owned Enterprises (BUMDes) Payakabung consisting of opportunities and threats.

Based on the research results, researcher found that Payakabung Village has a large enough agricultural land that can be used to improve the community economy. The extent of the agricultural land can be used to maximize the agricultural output of rubber, fragrant lemongrass, oyster mushrooms that have long been managed by the people of Payakabung Village. In addition, the people of Payakabung Village since the beginning actually already have an independent

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business to develop this village, the community already has a plant of fragrant lemongrass products, oyster mushrooms, toman fish cultivation and fowl slaughterhouse. The community has made various kinds of innovations to develop the village potential aiming to economy improvement along with Stated-Owned Enterprise (BUMDes) formed in 2017, The community also feels the business capital assistance provided by BUMDes to develop its needs. Evident in the allocation of village funds, BUMDes was given a capital allocation amount IDR. 235.342.300, - the funds were used for capital addition for Small and Medium Enterprises under the guidance of BUMDes Payakabung. The strategic location of the village also makes it easier for businessman to promote their products out of the village. The village, which is only about 34 km from the provincial capital, allows people to make better sales to the market.

The other obstacle in doing marketing, faced by businessman in Payakabung Village show that they do not yet the maximum marketing that can be done, although the location of the village is close to the capital but they have not been able to maximize marketing for these products. The products owned are generally only enjoyed by the internal people of this village, marketing out of the village is usually only done when the exhibitions of small and Medium-Enterprise's business products at the district level. The rest of the businessman only make sales in the markets that are in this village. The lack of marketing is inseparable from the limitations of knowledge and education of business people, the lack of knowledge related to how to promote the products so that they can be sold to the wider community becomes an obstacle encountered in marketing activity. In addition, the limitations of human resources that will do marketing are also an obstacle, generally people not only focus on making products so as to produce finished goods, but also do not have the resources that are able to promote product marketing. For licensing according to business actors, they

also have enough difficulty to get local product marketing permits, it causes businessman cannot do marketing as professionally.

When viewed from the potential and constraints possessed by the community of business people in Payakabung Village, there are actually many opportunities that can be developed to improve the local economy. These opportunities include seeking cooperation with partners to collaborate to market superior products resulting from these business actors. In addition, Stated-Owned Enterprises (BUMDes) Payakabung also able to observe Corporate Social Responsibility (CSR) funds from companies in order to provide assistance for village business actors either in the form of training, mentoring or capital provision aimed at developing community businesses.

The Good opportunities can also be done by developing fragrant lemongrass products, this product can be used as essential oil. Indonesia is a large producer of oil. This oil is managed with the raw materials of fragrant lemongrass oil, clover leaf oil, memento flowers, patchouli oil, fragrant root oil and other ingredients. The basic ingredients of this essential oil are widely exported abroad, such as: United States, Japan and Europe. In Indonesia until now there are still few business people using essential oils to be further processed into products that have higher value. Business people generally sell essential oil base materials to other entrepreneurs to immediately earning money. Furthermore, in the development of toman fish, business people in Payakabung Village actually have a good opportunity in processing this product. Toman fish (*Channa microplates*) can be exported abroad, because many countries need processed fish products. Once this fish harvest can reach two tons, this amount if multiplied by the price of toman is quite expensive that able to improve the people economy of Payakabung Village.

While, in the process of local product development is often eroded by other products that are more advanced, so that the

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product loses in the market, the number of imported products also makes the market of local products, especially products from Payakabung Village is less competitive. In addition, in the process of planting agricultural products the threat of disease pests and floods is also a challenge for business people in Payakabung Village in developing their products. In the development of community businesses, often the provision of capital allocated by Stated-Owned Enterprises (BUMDes) is less used effectively and efficiently, as evidenced by the allocation of village funds for community business capital assistance through Stated-Owned Enterprises (BUMDes), the revenue sharing funds from the participation of capital are only IDR. 5.600.000, - for one year.

Implementation of Village-Owned Enterprises (BUMDes) Payakabung Development Strategy which is next in accordance with the strengths, weaknesses, opportunities and threats that have been discussed, then conducted SWOT analysis (Table 3). The strategy carried out in the development of BUMDes Payakabung in accordance with SWOT analysis is the result of analysis both in internal and external factors in the form of formulation of strengths, weaknesses, opportunities and threats. These four formulations can then be formulated into an alternative strategy that can be applied by BUMDes Payakabung. The strategy to maximize strength and opportunity is by collaborating between BUMDes Payakabung with several related stakeholders to maximize agricultural products in this village, they are important because with a large enough land this village requires good assistance by companies that have developed to create product development innovation. Furthermore, ongoing training and mentoring from companies is also needed to assist the community in developing Small and Medium-Sized Businesses. This Mentoring needs to be done consistently because of the lack of community support in promoting product marketing.

Another strategy that can be done is Village-Owned Enterprises (BUMDes) observe corporate social responsibility (CSR) funding to develop innovation and creativity of local products, by the assistance of CSR in addition to capital assistance is expected to be held training and mentoring that continues to be implemented by stakeholders therefore this assistance can be properly allocated. The development of fragrant lemongrass plant products also has opportunities that can be used in this local economic development strategy, this product can be made into the basic ingredients of making essential oil, local entrepreneurs are expected to create essential oil products independently and promote marketing to abroad. In addition, other products such as oyster mushrooms, broiler chicken and toman fish *Channa Microplates* can be developed and marketed so that they can be exported abroad.

Furthermore, the strategy to reduce weaknesses and take advantage of existing opportunities is to continue coaching and supervision implementation carried out by CSR assistance stakeholders, Payakabung Village has received assistance from PT. PLN in 2019, the assistance in the form of fragrant lemongrass seeds with a land greening agenda through crop cultivation for climate control, the assistance was given amounting to IDR. 50.000.000, - with the requirement of the design of wastewater management installations. However, from the funds given to the lemongrass, the product does not produce, this is due to the lack of product quality to be sold in the market. The harvest of local seeds of fragrant lemongrass is less desirable so that the price in the market has decreased which resulted in considerable losses. Therefore, it is expected that by providing CSR funds consist of assistance and training provided to allocate budgets and process budgets. Along With the assistance of CSR, it is also expected that creativity and innovation can be improved so as to create new products from existing basic materials, so that with the innovation able to increase sales abroad.

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Table 3. Swot Matrix Results

	<p style="text-align: center;"><b>STRENGTH (S)</b></p> <ol style="list-style-type: none"> <li>1. Having a large land area to develop agriculture</li> <li>2. Having had lasting innovation for village independence efforts</li> <li>3. Having capital from village funds</li> <li>4. Strategic location close to urban</li> </ol>	<p style="text-align: center;"><b>WEAKNESS (W)</b></p> <ol style="list-style-type: none"> <li>1. Limiting knowledge and education</li> <li>2. Human resources limitation</li> <li>3. Less than the maximum effort in promoting product marketing</li> <li>4. Does not have a cooperation network</li> <li>5. The difficulties of manufacture licensing for the business activity</li> </ol>
<p><b>OPPORTUNITY(O)</b></p> <ol style="list-style-type: none"> <li>1. Collaboration and cooperation to market products</li> <li>2. CSR funding assistance</li> <li>3. Exporting products abroad</li> <li>4. Larging oil producers in Indonesia</li> </ol> <p style="text-align: center;"><b>THREAT (T)</b></p> <ol style="list-style-type: none"> <li>1. Competition with imported products</li> <li>2. Plant pests</li> <li>3. Climate condition (Rain and Dry seasons)</li> <li>4. The capital used is not used effectively and efficiently.</li> </ol>	<p style="text-align: center;"><b>STRATEGY S-O</b></p> <ol style="list-style-type: none"> <li>1. Cooperating with stakeholders to develop agricultural businesses in the village (S1, S2, O1)</li> <li>2. Conducting mentoring and training for these farmers to develop businesses (S2, O1, O2)</li> <li>3. Providing CSR funds to develop local product innovation (S2, O2)</li> <li>4. Developing fragrant lemongrass products into essential oils for sale abroad (S2, O2, O4)</li> <li>5. Developing product marketing to export abroad (S4, O3, O4)</li> </ol> <p style="text-align: center;"><b>STRATEGY S-T</b></p> <ol style="list-style-type: none"> <li>1. Developing innovation and creativity of local products in order to compete with imported products (S2, T1)</li> <li>2. Maximizing supervision of capital that has been given to business actors (S3, T4)</li> </ol>	<p style="text-align: center;"><b>STRATEGY W-O</b></p> <ol style="list-style-type: none"> <li>1. Conducting coaching from CSR giving BY companies to business actors (W1, O1, O2)</li> <li>2. Opening the market to sell products outside the village (W3, O1, O2, O3)</li> <li>3. Assisting by the company to do marketing (W3, W4, S1, S2)</li> <li>4. Maximizing the production effort of fragrant lemongrass to produce essence oil in order to be exported (W3, O3, O4)</li> </ol> <p style="text-align: center;"><b>STRATEGY W-T</b></p> <ol style="list-style-type: none"> <li>1. Joining together with supermarkets to promote local products (W3, W4, T1)</li> <li>2. Marketing products by using social media and E-Commerce (W3, W4, T1, T4)</li> </ol>

## CONCLUSION

Based on the description of the study, it can be concluded that strategies to increase strength and reduce external threats are not a lot of different from other strategies, namely by developing product innovation so that they can compete with other products, maximizing supervision of capital provided both using village funds and CSR in order they can be utilized effectively and efficiently. Transparency in fund management is needed in the strategy to minimize this threat, because funds are the most important thing in their management. It is also necessary for the trust level of the village community in providing funds for the business units

management. The plan will be expected that some of the profits will be handed over to Village-Owned Enterprises (BUMDes), because with the development of BUMDes able to finance other activities therefore later it is expected that the village community will not depend on the budget funds from the central government anymore. The advatging of SWOT program will be developed in Payakabung Village if these programs executed by professional staff and employee as well as good knowledge relates on the local wisdom and regional government in Palembang City. Palembang City know as one as one of big cities in Indonesia that still determine about

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local wisdom as the implementation rule and government program.

The next strategy to minimize shortages and threats is the need for cooperation with supermarkets to market products from Payakabung Village. This year, Village-Owned Enterprises (BUMDes) Payakabung made BUMDes Mart in the village by collaborating franchise with Indo Grosir. Later the goods produced by Payakabung Village business actors can be marketed in Indo Grosir, in addition Indo Grosir will also open a branch in Payakabung Village, BUMDes Payakabung has prepared five shophouses built using village funds to market local goods. With the opening of Indo Grosir marketing shop, employee management and training will be provided by Indo Grosir for the people of Payakabung Village. The Village Government also cooperates with the North Indralaya Subdistrict to reject in giving operational permission if there is another mini market that will open a branch in this village.

Product marketing by using social media and E-Commerce is also needed in local product marketing strategies, this is because of its low cost and able to reach all regions. Products made in Payakabung Village have a distinctive uniqueness, therefore, if marketed through the platform is expected to be more effective and sell in the market. In addition, the obstacles faced today are marketing that decreases due to the occurrence of pandemics as well as the lack of marketing levels and public consumption of products, one of which is mushrooms is not comparable in normal circumstances. Weather also affects mushroom production as it does when the rainy season will be more productive and the dry season less productive, but this can be developed with simple technology that keeps the fungus moist. Mushroom products that have not been sold in the market are also overcome by doing good packaging and storage in the refrigerator so that it can last longer.

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