

# Optimization of Village-Owned Enterprises as an Impact of Dhoho Kediri Airport Development

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**Abstract.** This study aims to analyze the development of Village-Owned Enterprises (BUMDes) in Tarokan Sub-district, Kediri Regency in the face of the existence of Dhoho Kediri Airport which is expected to operate in 2023 where it will develop into an aerotropolis that is a good business opportunity to develop BUMDes in Tarokan Sub-district. For example, the management and procurement of backfill land for the construction of Dhoho Kediri Airport can be managed by BUMDes Tarokan, because it has the potential of rock and soil mountains. Conversely, if business opportunities that are classified as "not many" in other regions in Indonesia cannot be properly utilized by the Village Government in the Tarokan Sub-district area through BUMDes, then the villagers will only be spectators of high economic growth. The research on BUMDes in Tarokan Sub-district is a qualitative approach. The collection of data and/or information was conducted through, observation, focus group discussions, and complemented with literature study. The conclusion of this research is that the development of BUMDes in Tarokan Sub-district has not shown results in accordance with Law No. 6/2014, in addition to the strategic steps that need to be taken are immediately stipulated: Regent Decree on the Establishment of Village-Owned Enterprises (BUMDes) Development Coordination Team in Tarokan Sub-district and Secretariat of Village-Owned Enterprises (BUMDes) Development Coordination Team in Tarokan Sub-district.

**Keywords:** optimization, BUMDes, Dhoho Airport, village own-source revenue

## 1. Introduction

The existence and development of Dhoho Kediri Airport will have an impact on changes in the economic aspect. Changes that occur will provide development to other sectors such as trade and services, industry, and other economic activities. According to Adisasmita [1], these developments will be followed by an increase in productive activities in the primary (agriculture), secondary (industry), and tertiary or service sectors (trade, banking, hospitality, and others). As said by Button [2], the existence of the airport will provide benefits to the development of the local economy, in this case especially in Tarokan Sub-district.

The results of research conducted by Az-Zahra & Sigit [3] on the socio-economic impact of the construction of the New Yogyakarta International Airport in Temon District, Kulonprogo Regency, DIY, concluded that the positive impact caused by airport development is that some people who open businesses are able to provide employment opportunities for others. The results of Happy Susanto's [4] research on the same object also concluded that in

Temon District, Kulonprogo Regency, DIY, businesses such as rented houses, boarding houses, food stalls, stalls, handicraft or souvenir businesses, and others began to flourish.

With the construction and operation of Dhoho Kediri Airport in 2023, the mobility of people, goods and services to the Tarokan sub-district area, especially to and from the airport, will increase significantly. The need for goods services and daily consumption products and services will also increase. As in the case of the construction of the New Yogyakarta International Airport (NYI) in Temon District, Kulonprogo Regency, DIY, such as the results of research by Az-Zahra [3] and Susanto [4], then in Kediri Regency in general and Tarokan District in particular will grow and develop new business fields in various economic sectors.

From an economic perspective, the existence of Dhoho Kediri Airport, which will develop into an aerotropolis, is a good business opportunity to develop BUMDes in Tarokan District. For example, the management and procurement of backfill land for the construction of Dhoho Kediri Airport can be managed by BUMDes Tarokan, because it has the potential of rock and soil mountains. Conversely, if business opportunities that are classified as "not many" in other regions in Indonesia cannot be properly utilized by the Village Government in the Tarokan Sub-district area through its BUMDes, then the villagers will only be spectators of high economic growth, and the Village Government cannot significantly boost its original village income.

In terms of the implementation of village autonomy as stipulated in Law No. 6/2014 on Villages, the Village Government in Tarokan Sub-district has the authority to establish or form BUMDes to improve the village economy, increase the income of the village community, and increase the Village Original Revenue (PADes). Through BUMDes, the Village Government, together with the village community in Tarokan Sub-district, needs to immediately initiate to utilize the great business opportunities from the development of Dhoho Kediri Airport as an aerotropolis.

Although according to data published by the East Java Provincial Office of Community and Village Empowerment, in 2017 all 343 villages in Kediri District had established BUMDes. However, by elaborating on the results of observations, interviews, documents, Focus Group Discussions as well as literature studies, it is indicated that the existing BUMDes in Tarokan Sub-district have not shown the expected results, namely making a meaningful contribution to the growth of the village economy, increasing community income, and increasing village own-source revenues.

The purpose of this research is to identify and analyze the development of BUMDes in Tarokan Sub-district, analyze and formulate BUMDes development efforts that need to be done, and based on the identification and analysis, formulate BUMDes development policies and programs in Tarokan Sub-district.

## **2. Theoretical Studies**

Villages are the lowest regional unit in Indonesia's constitutional structure. After the enactment of Law No. 6/2014 on Villages, villages are expected to become socially, culturally, economically, and politically independent. Especially with the existence of President Joko Widodo's nine Nawacita programs, one of which is to develop Indonesia from the periphery by strengthening regions and villages within the framework of a unitary state. This is a form of development policy that is considered strategic because the government pays very close attention to the village, which is by strengthening the lowest region, namely the village, so that the village can be independently empowered socially, culturally, economically, and politically

[5]. In the current era of village autonomy, villages can build their economic and financial resource capabilities in order to increase village economic growth and improve the welfare of their communities [6].

For village economic empowerment, villages can explore existing village potentials to achieve village economic empowerment goals. In encouraging an independent village economy, in accordance with Law No. 6/2014 on Villages, and Regulation of the Minister of Villages, Development of Disadvantaged Areas, and Transmigration of the Republic of Indonesia No. 4/2015, the government made a policy of establishing Village-Owned Enterprises (BUMDes). The establishment of BUMDes is one of the priorities for the use of Village Funds. This is stated in Permendes Number 19 of 2017 concerning the Determination of Priorities for the Use of Village Funds, which states that the priority use of Village Funds is to finance the implementation of programs and activities in the field of village development and village community empowerment that are cross-cutting. These fields and activities include village or rural area superior product activities, BUMDes or Joint BUMDes, reservoirs, and village sports facilities in accordance with village authority [5].

According to Article 1 (paragraph) 6 of Law No. 6/2014 on Villages, Village-Owned Enterprises (BUMDes) are defined as business entities that are wholly or partially owned by the village through direct investment from separated village assets to manage assets, services, and other businesses for the greatest welfare of the village community. Village business institutions managed by the community and village government are established in an effort to strengthen the village economy and are formed based on the needs and potential of the village. According to Tama and Yanuardi [6] the establishment of BUMDes is carried out to develop rural areas which can be achieved through community empowerment programs to increase the productivity and diversity of rural businesses, the availability of facilities to support the rural economy, build and strengthen institutions that support the production and marketing chain, and optimize natural resources as an initial foothold for rural economic growth.

According to Maryunani [7], BUMDes is a business institution managed by the community and village government in an effort to strengthen the village economy and build community social cohesion that is formed based on the needs and potential of the village. BUMDes is an institution that is trusted as a business entity that is able to help village communities and village governments to develop as well as meet their daily needs, become business opportunities, broaden the horizons of village communities both by developing village potential and utilizing village natural resources. As its function, BUMDes must be able to generate profits and be able to provide benefits to the community.

An important factor in the development of BUMDes is determining the type of business. The business that the BUMDes wants to develop must be linked to the type of business. Alternative BUMDes development can be done through the Village Bank. Based on the results of the research, the development of a Village Bank can contribute quite well to the Village Original Revenue (PADes). In addition, the Village Bank can increase community participation in village development. This is done through the participation of the community as Village Bank customers. Through the Village Bank, the community is not only able to make loans, but the community is also taught to save, because the system at the Village Bank requires customers to save a small portion of their loans [8].

### **3. Research Methods**

This study was conducted in Kediri District, while the study locations included villages in Tarokan Sub-district that have BUMDes. Based on the subject matter of this study, which is the development of BUMDes in Tarokan Sub-district, it is more effective to use a qualitative approach. Qualitative studies are conducted to build knowledge through understanding and discovery. A qualitative approach is a process of study and understanding based on methods that investigate social phenomena and human problems [9].

Qualitative studies are conducted in natural conditions and are discovery in nature. In qualitative studies, the researcher is the key instrument. Therefore, researchers must have sufficient theoretical knowledge and broad insights, so that they can ask, analyze, and construct the objects studied to be clearer. Qualitative studies emphasize meaning and are value-bound [9]. In qualitative studies the role of the researcher is as a key instrument in collecting and interpreting data and or information. Data collection tools usually use direct observation (observation), interviews, document studies, both documents sourced from official institutions and research documents.

In addition, as stated by Moleong [10], qualitative methods are carried out with several considerations: (1) adjusting qualitative methods is easier when dealing with multiple realities; (2) this method presents a direct relationship between the researcher and the informant; and (3) this method is more sensitive and more able to adjust to many joint influence sharpening and to the value patterns encountered. Bogdan and Taylor as cited by Moleong [10] explain that qualitative methods are study procedures that produce descriptive data in the form of written words. The characteristics of qualitative studies are: (1) natural; (2) data is descriptive and not numbers; (3) data analysis by induction; and (4) meaning is very important in qualitative studies.

To collect data and or information in this study, several data and or information collection techniques were used, namely interviews, observations, documentation and Focus Group Discussions conducted to find alternative efforts to develop potential tourism objects in the context of tourism development in Tarokan Sub-district. Therefore, the FGD participants were related stakeholders within the Government of Kediri District and Tarokan Sub-district, as well as the Village Head.

### **4. Results and Discussion**

Since the enactment of Law No. 6/2014 on Villages which includes and regulates the existence of BUMDes, all 343 villages in Kediri District have established BUMDes, including Tarokan Sub-district which consists of 10 ten villages. Most BUMDes only manage one type of business, which is mostly a savings and loan service business. This indicates that most BUMDes have not been able to develop various types of productive businesses based on village potential as expected from its existence.

The savings and loan service business is an easy business to manage compared to other business units. In addition, savings and loan businesses have generally existed and developed in villages long before the establishment of BUMDes. The selection of this type of savings and loan business, which is able to absorb large funds, has ignored other productive economic business sectors in each village. The selection of one type of business, namely the savings and loan business by BUMDes, is a reflection of the inability of the BUMDes management and village government to identify and analyze opportunities for village potential to be developed into productive economic business units.

Another related phenomenon is that most villages choose business units as listed in the sample proposal for the establishment of BUMDes provided by the Kediri District Community and Village Empowerment Office. Thus, it can be concluded that the establishment of BUMDes in Tarokan Sub-district tends to be more of an instructional package coming from the Government of Kediri District. That is why BUMDes in Tarokan Sub-district have not had progressive development, and even tend to be passive.

In addition, there are indications that although the process of establishing BUMDes in Tarokan Sub-district is conducted through village consultative meetings, it tends not to represent all community groups. This has led to the perception in some communities that BUMDes belong to certain groups, making them reluctant to utilize BUMDes. Whereas community participation as mandated by Law number 6 of 2014 has a very important role for the development of BUMDes, and such participation should have started from the BUMDes planning process by collecting information related to the needs and potential of the community.

Referring to the Inferential Analysis Research on the Management Performance of Village-Owned Enterprises (BUMDes) in East Java conducted by Noer Soetjipto (2015), provides the following classification: (1) Many Obstacles; (2) No Development; (3) Starting to Crawl; (4) Moderately Developed; and (5) Rapidly Developing. Based on the results of interviews and Focus Group Discussions (FGDs) with village heads in Tarokan Sub-district, Kediri District, as well as the results of observations and literature studies, it is indicated that of all BUMDes in 10 villages Tarokan Sub-district, the level of development can be classified into three, namely BUMDes with the classification: (1) many obstacles; (2) no development; and (3) just starting to crawl or just starting to move.

From the identification and observation in Tarokan Sub-district, there are several potential and productive businesses of community members that have not been touched by BUMDes, even though community members need intervention. For example, in Kedungsari Village, Tarokan Sub-district, there is a pottery industry that has value as a tourist attraction, and this village has been known as a pottery artisan center for decades. In this pottery craft center, the craftsmen make clay utensils such as cobek, ashtray, cauldron, cooking utensils, and others. In fact, during this time, without any intervention, the number of craftsmen has actually continued to decrease because they have switched to other businesses.

The most obvious phenomenon to show that the development of BUMDes in Tarokan Sub-district is still far from what is mandated by Law No. 6/2016 on Villages, is related to Kaliboto Tourism Village. Currently, in Kaliboto Village, a new tourist attraction is being developed, namely Kaliboto Tourism Village, based on its main icon, the Cendana Reservoir, by the Kaliboto Village Youth Organization. The Tourism Village was actually initiated and developed - although it seems slow due to a lack of resources - by young people community (Karang Taruna) and not by BUMDes.

The results of the identification and analysis conclude that BUMDes in Tarokan Sub-district, in general, do not go through the conceptual stage but directly to the start-up stage. It is like a sprinter who has not done warming-up directly down the race, in the middle of the road will face problems (ngos-ngosan). The type of BUMDes business that needs to be developed in Tarokan Sub-district to welcome the development and development of Dhoho Kediri Airport as an aerotropolis, needs to be reviewed by each BUMDes by introducing potential opportunities and analyzing opportunities.

The introduction of potential opportunities is associated with the potential and needs of the local community, while the analysis of business opportunities is an effort to research, planning, prediction, and evaluation process of potential business types to be developed in the tourist area of Tarokan Sub-district. Operationally, the analysis of potential opportunities is

intended to find out what types of goods and services are currently needed by the community - in this study oriented to the needs of tourists, as well as to find out the difficulties/constraints that may be faced in the development of each type of business.

In this context, each BUMDes needs to explore the widest possible information with a high level of accuracy is the main activity to find out the opportunities of the types of businesses that can be developed in Tarokan Sub-district. Searching and digging up information can be done by finding what trends are developing and loved in general, so that the types of businesses can be formulated as business opportunities in the local community that have good prospects. To be able to analyze business opportunities properly, a simple SWOT analysis can be conducted.

Efforts to develop BUMDes in Tarokan Sub-district that need to be done immediately include: (1) processing the legal entity status of BUMDes in accordance with the provisions of Government Regulation No. 11 of 2021 on Village-Owned Enterprises; (2) analyzing the types of productive economic businesses that are feasible to be developed by each BUMDes in accordance with the potential of the village; (3) conducting socialization on BUMDes as a legal entity and its relevance for increasing the income and welfare of the village community; (4) developing professional BUMDes governance or management; and (5) analyzing and formulating BUMDes capital participation patterns from Village Budget and the village community.

The development strategy that needs to be carried out is that the Kediri District Community Empowerment and Village Government Office needs to immediately initiate the issuance of the Kediri Regent Decree on the Coordination Team for the Development of Village-Owned Enterprises (BUMDes) in Tarokan Sub-district. Although the guidance of BUMDes development is part of the main tasks and functions of the Kediri District Community Empowerment and Village Government Office, but related to the development of Dhoho Kediri Airport, it is deemed necessary to have acceleration programs (crash programs).

The tasks and functions of this team are to accelerate and facilitate efforts to develop BUMDes in Tarokan Sub-district, which are technically operational in the form of strategic programs. To be able to carry out its duties and functions, the Coordination Team for the Development of Village-Owned Enterprises (BUMDes) in Tarokan Subdistrict is assisted by the Secretariat of the Coordination Team for the Development of Village-Owned Enterprises (BUMDes) in Tarokan Subdistrict which is located at the Kediri District Community Empowerment and Village Government Office.

Some programs that must be carried out are: First, the Kediri District Community Empowerment and Village Government Office needs to immediately conduct intensive socialization to village governments and BUMDes in Tarokan Sub-district related to Law Number 11 of 2020 on Job Creation and has been technically followed up with Government Regulation Number 11 of 2021 on Village-Owned Enterprises, because there has been a fundamental change in BUMDes from business entities to BUMDes legal entities.

Secondly, the Kediri District Community Empowerment and Village Government Office needs to immediately initiate and facilitate the establishment of BUMDes legal entities in accordance with the provisions of Government Regulation No. 11 of 2021, and register the establishment with the Ministry of Law and Human Rights in order to obtain the "legal entity" status. This is because Article 75 of Government Regulation No. 11/2021 on Village-Owned Enterprises states that the existing BUMDes in 10 (ten) villages in Tarokan Sub-district "must" be adjusted to the provisions of Government Regulation No. 11-2021.

Third, the Kediri District Community Empowerment and Village Government Office needs to develop and circulate technical guidelines and implementation guidelines to each

village in proposing a capital participation budget for BUMDes from the Village Fund (DD) in the 2021 Village Budget, so that although it does not need to be the same or uniform, it has a clearer, prospective, transparent, and accountable allocation pattern, according to the conditions of each village.

This is considering that the capital of BUMDes is mainly sourced from the Village Government allocated from the Village Fund (DD), which according to the provisions of the previous laws and regulations is regulated by the Permendes regarding its priority use. Although the previous Permendes regulated the allocation of the Village Fund budget for the purposes of capital participation for BUMDes, its implementation in the RAPBDesa varies greatly, giving rise to interpretations that may be erroneous.

With its new position as well as BUMN and BUMD, although at the village level and scale, there certainly needs to be a special arrangement regarding the allocation for capital participation for BUMDes. This is because the capital aspect is the most crucial aspect for the development of BUMDes to carry out the mandate of the Law, which is to improve the village economy, improve community welfare, and increase Village Original Revenue (PADesa).

Fourth, the Kediri District Community Empowerment and Village Government Office needs to facilitate village governments and/or BUMDes in selecting the type of business through the steps mentioned above. In this context, it can involve or include academics and practitioners so that the results obtained can be more feasible.

In this context, it is necessary to conduct a business opportunity analysis, i.e. reviewing or researching, planning, predicting, and evaluating the potential type of business to be developed.

## 5. Conclusion

The development of BUMDes in Tarokan Sub-district has not shown results in accordance with the mandate of Law Number 6 Year 2014, namely: improving the village economy, improving community welfare, and increasing Village Original Revenue. Efforts to develop BUMDes in Tarokan sub-district need to focus on aspects of: legal entity status of BUMDesa; capital; type of business; and governance or management. Strategic policies need to be established: First: Regent Decree on the Establishment of Village-Owned Enterprises (BUMDes) Development Coordination Team in Tarokan Sub-district and Secretariat of Village-Owned Enterprises (BUMDes) Development Coordination Team in Tarokan Sub-district; and Second, the establishment of Technical Implementation Unit (UPTD) of Community Empowerment and Village Government in Tarokan Sub-district.

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