

CHAPTER I

INTRODUCTION

1.1 Background

In this study, the researcher analyzed the Principles of Management of Village Owned Enterprises (BUMKal) in increasing Village Original Income (PAKal) in Bangunjiwo Village, Kasihan District, Bantul Regency (2018-2020). Village-Owned Enterprises (BUMDes) in Yogyakarta known as Village-Owned Enterprises (BUMKal) are mandated by Government Regulation (PP) No. 11 of 2021 concerning Village-Owned Enterprises, including BUMDes Bangun Kamulyan Bangunjiwo, which changed its name to BUMKal Bangun Kamulyan Bangunjiwo. BUMKal Bangun Kamulyan Bangunjiwo has been established since 2016, with various business units owned by BUMKal "Bangun Kamulyan Bangunjiwo" namely the drinking water management business unit (Kangen water) established since 2016 and Sekar Mataram Culinary which has not been running for a year and only be managed in January 2021.

Bangunjiwo Village is a village with a myriad of achievements. Based on the Report on the Results of the Village Government Performance Examination by the Bantul Regency Inspectorate in 2018, Bangunjiwo Village ranks 4th in the Performance of the Village Government from 75 villages in Bantul Regency with the predicate of Good, and in 2018 the Ministry of Villages, Transmigration, Development of Disadvantaged Regions and Transmigration named Bangunjiwo as one of the one prime villages.

Bangunjiwo Village in Kasihan District, Bantul Regency, Yogyakarta Special Region, has a myriad of potentials, ranging from arts, traditions, crafts, creative industries, to agriculture. The village government allocates a budget to support the implementation of annual cultural training and festivals based on suggestions from residents. The village fund of IDR 1.5 billion in 2019 obtained by Bangunjiwo Village from the central government was partially used to finance community empowerment programs, in addition to repairing infrastructure such as roads and bridges. The Bangunjiwo Village Government uses village funds to build and repair roads so that tourists use motorbikes, cars and buses.

Bangunjiwo Village has several Micro, Small and Medium Enterprises (UMKM) craft centers that are superior to other villages, including Kasongan Village which is known as a center for ceramics and pottery. Meanwhile, Jipangan Hamlet is a center for handicrafts made of bamboo, such as fans and home decorations. In addition, there is the Gendeng hamlet which is a center for quality leather sungging (wayang) inlay crafts. Currently, there are at least 25 shadow puppet craftsmen whose names are known by the puppeteers from various regions. Another craft center is in Lemahdadi, a center for sculpture that sells products that enter the export market. The Bangunjiwo Village formed an educational tour package for Kaji Gelem, an acronym for Kasongan, Jipangan, Gendeng, and Lemahdadi. Efforts to develop tourism in the Kaji Gelem area, which receive financial support from village funds, can increase village income through the Village Owned Enterprise (BUMKal) which currently comes from drinking water management Kangen Water Depot and Sekarmataram Culinary.

BUMDes (Village-Owned Enterprises) is a village business institution run by the village government and the community with the goal of boosting the village economy. It is designed to meet the needs, economic conditions, and socio-cultural preferences of the community. BUMDes must be able to consolidate, and accommodate the village's economic business activity. BUMDes' chosen enterprise must not jeopardize the village's economic activity. BUMDes exist,

among other things, to achieve village autonomy and to increase Village Original Income.

Village Owned Enterprises (BUMDes) were created with the goal of promoting local economic development at the village level. The village's local economic development is based on the village's requirements, potential, and capacity, as well as capital participation from the village administration in the form of funding and village wealth, with the ultimate goal of raising the town's economic level. The principles of managing Village Owned Enterprises (BUMDes) must be created or elaborated such that the village government, members (capital participants), the Village Consultative Body (BPD), district governments, and the community all understand and interpret them in the same way (Pardi & Istiyanto, 2020).

BUMKal Bangunjiwo has various BUMKal business units, both those that have been running for a long time, have just started, or are just about to be launched, including the names of these business units, Kangen Water drinking water management business "Bangun Tirta", culinary sekarmatam, waste management "Bangun Karya", and "Kajigelem" educational tours. BUMKal "Bangun Kamulyan Bangunjiwo" has a difference from other BUMKal and has several superiority. BUMKal has a better prestige than other BUMKal in Bantul Regency, namely it has been running for quite a long time and is well managed.

In addition to these superiority, there are other superiority that have been owned by BUMKal Bangunjiwo, including the following:

Table 1.1 Superiority of BUMKal Bangunjiwo

No	Superiority
1.	BUMKal Bangunjiwo is included in the top 7 nominations for the best BUMKal in Bantul in 2021
2.	All activities in the BUMKal management are funded by BUMKal itself without involving third parties.

3.	BUMKal Bangunjiwo received positive support from all parties and was also managed directly by the community.
4.	BUMKal Bangunjiwo have more supporters and full supported by the village government, Village Consultative Body (Bamuskal), the actors or administrators of BUMKal, youth organization, and the community in Bangunjiwo.
5.	BUMKal Bangunjiwo has a superior business unit, namely Sekarmataram Culinary, which is well known by the people inside and outside the village of Bangunjiwo.
6.	BUMKal Bangunjiwo has sufficient human resources and the management has the involvement to develop BUMKal.
7.	Labor must be taken from the local village and not from outside the village.
8.	BUMKal Bangunjiwo has capital participation from Bangunjiwo

Source: Secondary data by Bangunjiwo Village Government, 2021

Village Original Revenue (PADes) is income that comes from the authority of the Village based on the rights of origin and the authority of the local Village scale, according to Article 72 letter an of Law No. 6/2014. The results of Village Owned Enterprises (BUMDes) and crooked land are included in the term "business results." In terms of the Village Government, if BUMDes can be adequately administered, PADes (Village Original Income) will also rise. Village development can be done in a variety of industries as village revenue rises.

The following is a table of revenue results for the BUMKal business unit in increasing the Village Original Income (PAKal) in the Bangunjiwo Village:

**Table 1.2 Revenue of BUMKal Business Unit in Bangunjiwo Village
(2018-2020)**

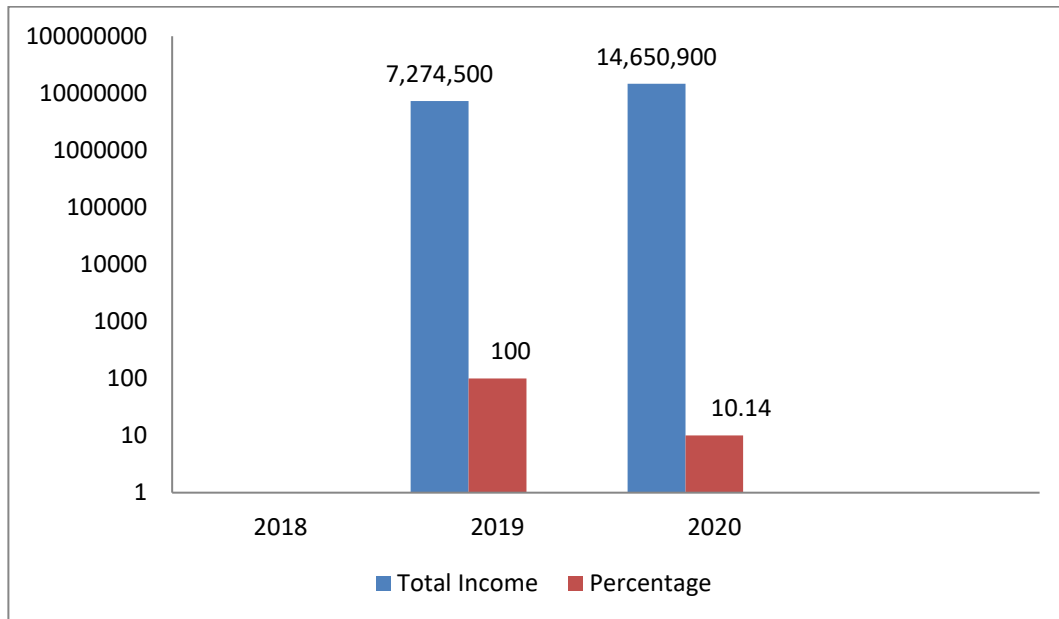
No	Name of BUMDes Business Unit	Establish	Total Income Every Year			Total Increase	Percentage
			2018	2019	2020		
1.	BUMKal of Drinking Water Managemen t (Kangen Water)	2016	Vac um	IDR. 7.274.500	IDR. 14.650.900	IDR. 7.376.400	10.14%
2.	BUMKal Waste Managemen t	Not launched yet.	-	-	-	-	-
3.	BUMKal Sekar Mataram Culinary	2021	-	-	-	-	-
4.	BUMKal Educationa l Tourism	Not launched yet.	-	-	-	-	-

Source: Secondary data by Bangunjiwo Village Government, 2021

Based on the data above, it can be seen that the total increase in income is IDR. 7.274.500 in (2018-2019), and a total increase in income is IDR. 7.376.400 in (2019-2020) with a total income for the last 3 years (2018-2020) of IDR. 21,925,400 and based on an increase of 10.14% of revenue after 2018 BUMKal

went into a vacuum and started from scratch. Therefore, it can be known that BUMKal funds play an important role in increasing the original income of the Bangunjiwo Village.

**Graph 1.1 Revenue of BUMKal Business Unit in Bangunjiwo Village
“Kangen Water” (2018-2020)**



Source: Secondary data by Bangunjiwo Village Government, 2021

Based on the graph it is clear that there is an increase in income BUMKal from 2018 to 2020, with the highest total increase in 2020 as much as IDR. 7.376.400, meanwhile the lowest income was in 2018 namely as much as IDR. 0 or no income. This is because there is no BUMKal management or there are administrators but they are not active, because they are still just starting out and the beginning of the establishment of the "Kangen Water" drinking water management business unit held by BUMKal Bangunjiwo. However, it is now seen from (2019-2020) since BUMKal was vacuumed in 2018 that BUMKal is growing and generating income that can increase Bangunjiwo's PAKal.

Although Bangunjiwo BUMKal has many advantages, in its management there are also several problems, namely the difficulty of finding volunteers who want to raise BUMKal and promote BUMKal sincerely, without thinking about the benefits obtained first. Another problem is cohesiveness, some village apparatus and society who do not support or do not approve of the establishment of one of the BUMKal business units are also a problem for the management of BUMKal Bangunjiwo because it is considered that there are other business units that have more advantages. The last one is the problem that BUMKal managers have not received wages, because they are more concerned with employee salaries, this also affects employee morale in advancing BUMKal.

In BUMKal Bangunjiwo, they apply 6 (six) principles in managing BUMKal, namely, Cooperative, Participatory, Emancipatory, Transparent, Accountable, Sustainable, namely:

- 1) Cooperative: In managing the director of BUMKal, there are many relationships and collaborations between parties, thus giving BUMKal an advantage to continue to expand more widely.
- 2) Participatory: With the participation of residents, youth organization really provides positive support for BUMKal, and the community also participates in managing BUMKal directly.
- 3) Emancipatory: All employees and management of BUMKal are treated equally and fairly, without discriminating against gender, religion, or group.
- 4) Transparency: Financial reporting is carried out openly, even the financial statements can be seen by anyone, and the results can be accounted for.
- 5) Accountable: There is a BUMKal financial accountability report that is recorded honestly. In the BUMKal management model, report on the flow of BUMKal management, reported from the head of the village-owned enterprise business unit to the BUMKal manager, then finally reported to the Bangunjiwo Village Government. The report is carried

out every 1 semester or every 6 months to be reported to the village. The year-end reports are carried out once a year, and reports from the director of BUMKAl to BUMKAl business units are carried out directly every month by BUMKAl Bangunjiwo business units that are already running.

- 6) Sustainable: In the management structure of BUMKAl Bangunjiwo, if it has good management and management qualities, and also gets a lot of achievements, the management will continue. However, if the management is bad, it will be replaced by new leaders and administrators to be able to develop BUMKAl for the better in the future.

Many Village-Owned Enterprises (BUMKAl) that exist are assisted by those that have been formed for a long time but do not work in improving PAKAl or the name of BUMKAl is only written on paper. Thus, with this research BUMKAl Bangun Kamulyan Bangunjiwo can be a good example by other BUMKAl. Therefore, the BUMKAl management can move and develop in order to further increase the Original Village Income (PAKAl) of each village, as one of the steps to be able to prosper the people in the village.

Based on the abilities possessed by the Bangunjiwo Village above, researcher is interested in taking the Bangunjiwo Village as an object of research with the title "The Analysis of Management Principles of Village Owned Enterprisess (Bumkal) in increasing Village's Original Income (Pakal) in Bangunjiwo Village, Kasihan District, Bantul Regency (2018-2020)".

1.2 Research Question

Based on the background described above, the main topic of discussion in this study is the Analysis of the Principles of Management of Village-Owned Enterprises (BUMKAl) in increasing Village Original Income (PAKAl) in Bangunjiwo Village, Kasihan District, Bantul Regency. For further discussion, the formulation of the problem to be studied is as follows:

1. How is the Principles of Management of Village-Owned Enterprises (BUMKAl) in Increasing Village Original Income (PAKAl) in Bangunjiwo Village, Kasihan District, Bantul Regency (2018-2020) ?

1.3 Research Purpose

Starting from the formulation of the problem, the objective of this research is:

1. To find out the Principles of Management of Village Owned Enterprises (BUMKAl) in Increasing Village Original Income (PAKAl) in Bangunjiwo Village, Kasihan District, Bantul Regency (2018-2020).

1.4 Benefits of Research

With the achievement of the research objectives mentioned above, it is hoped that the research results can provide both theoretical and practical benefits, namely:

1.4.1 Theoretical Benefits

- a) Providing additional knowledge about Government Science, especially those related to the management principles of Village Owned Enterprises (BUMKAl) in increasing Village Original Income (PAKAl) in Bangunjiwo Village, Kasihan District, Bantul Regency (2018-2020).
- b) As a material to expand knowledge and insight for students, about various concepts and theories that have been obtained during lectures compared to real applications.
- c) Providing knowledge for the village government so that in every Village Owned Enterprises (BUMDes) it must be based on the ability of the Village Original Income (PADes) in order to earn income from the village itself.

1.4.2 Practical Benefits

- a) Can be used by parties who have the authority to formulate policies on handling problems and developing BUMDes in an effort to increase PADes.

- b) As information, reference, and additional data and can be used as a reference or study for further studies or future research regarding the management of BUMDes in increasing PADes.
- c) The results of this study can produce outputs in the form of journals and other additional reference articles and can increase knowledge for the readers.

1.5 Literature Review

The results of research on the principles of BUMDes management in increasing PADes have shown many results. The importance of establishing and managing BUMDES as a means of increasing village community income, BUMDes as an independent village business has a very urgent role. BumDes management can be maximized and of course can move the economy of the community in the village, if given special attention at the district/city level in the form of regional regulations and at the village level in the form of village regulations (Andayani & Sudiarta, 2021). With the existence of BUMDes, it is able to increase the community's ability to develop their own business. Several business units established by BUMDes provide benefits to the community, providing opportunities for the community to develop their business and fulfill their daily needs (Aulia, 2019). In general, BUMDes have implemented good governance practices seen from the achievements and profits generated, although there are still some BUMDes which in their activities have not implemented the principles of governance optimally due to incompetent human resources, therefore socialization and training are needed on the importance of good governance practices to managers or village parties in order to improve the performance of BUMDes (Sofyani et al., 2020).

BUMDes management has been running well but is still not optimal, because there are several indicators that have not been met such as labor, capital, market share, accountability and increased profit/loss (Filya, 2018). One of which is the analysis of BUMDes management (Prawitno et al., 2019) which is evidenced by the results of the assessment of problems in BUMDes efforts to increase PADes,

human resource problems in managing village-owned enterprises are still sluggish and tend to decline. The management of Bumdes should be used as the main basis for developing the rural economy. Currently, there are still many villages that have not formed BUMDes, the problem is that the community and village officials still lack understanding regarding the formation and management of BUMDes (J. Junaidi et al., 2021).

Increasing the contribution of BUMDes to PADes It is inseparable from natural resources that support BUMDes efforts, human resources, namely high motivation and performance in managing BUMDes, village government support, and support from the surrounding community who always support BUMDes efforts to move forward. Complementing previous research (Jaryono & Tohir, 2019). There are indicators that receive priority for improving their management, namely having good facilities and infrastructure, innovation in production, developing product distribution networks, conducting regular HR training, and having an organizational culture (Rahmawati, 2020). Involvement of the village government as the largest capital participant of BUMDes or as co-founders of the community so that they are able to meet minimum service standards (SPM), as well as socialize and raise awareness to village communities about the importance of BUMDes for improving the welfare of rural communities (Sara, 2021).

Therefore, in the future for better BUMDes management, it is necessary to hold skills training/training activities for BUMDes management in order to further improve the performance of BUMDes institutions, socialization to the community is also needed so that they know the importance of participation in the BUMDes program, the village government and the community work together for monitoring and evaluate the performance of BUMDes, in order to find out the obstacles and prepare solutions to overcome problems in the process of implementing the BUMDes business, and the village government conducts village deliberations (rembug). Thus, the BUMDes management submits an accountability report on the management of BUMDes from year to year (Suhu et

al., 2020). The following is a table of grouping literature reviews of previous research:

Table 1.3 The List of Literature Review

No	Theme Classification	Research Result
1.	The benefits and importance of establishing BUMDes	The importance of establishing and managing BUMDES as a means of increasing village community income, BUMDes as an independent village business has a very urgent role. BUMDes management can be maximized and can move the economy of the community in the village, if given special attention at the district/city level in the form of regional regulations and at the village level in the form of village regulations (Andayani & Sudiarta, 2021). With the existence of BUMDes, it is able to increase the community's ability to develop their own business. Several business units established by BUMDes provide benefits to the community, providing opportunities for the community to develop their business and fulfill their daily needs (Aulia, 2019).
2.	Principles and Governance Practices of BUMDes	Research conducted by (Sofyani et al., 2020) explain that, In general, BUMDes have implemented good governance practices seen from the achievements and profits generated, although there are still some BUMDes which in their activities have not implemented the

		<p>principles of governance optimally due to incompetent human resources, therefore socialization and training are needed on the importance of good governance practices to managers or village parties in order to improve the performance. Not only that, BUMDes management has been running well but is still not optimal, because there are several indicators that have not been met such as labor, capital, market share, accountability and increased profit/loss (Filya, 2018)</p>
3.	<p>Problems in the formation and management of BUMDes</p>	<p>One of which is the analysis of BUMDes management (Prawitno et al., 2019) which is evidenced by the results of the assessment of problems in BUMDes efforts to increase PADes, human resource problems in managing village-owned enterprises are still sluggish and tend to decline. The management of Bumdes should be used as the main basis for developing the rural economy. Currently, there are still many villages that have not formed BUMDes, the problem is that the community and village officials still lack understanding regarding the formation and management of BUMDes (J. Junaidi et al., 2021).</p>
4.	<p>Increasing the Contribution of BUMDes to PADes</p>	<p>Research conducted by (Jaryono & Tohir, 2019) explain that, increasing the contribution of BUMDes to PADes It is inseparable from natural resources that support BUMDes</p>

		<p>efforts, human resources, namely high motivation and performance in managing BUMDes, village government support, and support from the surrounding community who always support BUMDes efforts to move forward. Complementing previous research. There are indicators that receive priority for improving their management, namely having good facilities and infrastructure, innovation in production, developing product distribution networks, conducting regular HR training, and having an organizational culture (Rahmawati, 2020).</p>
5.	Village government involvement	<p>Previous research stated that with the involvement of the village government as the largest capital participant of BUMDes or as co-founders of the community so that they are able to meet minimum service standards (SPM), as well as socialize and raise awareness to village communities about the importance of BUMdes for improving the welfare of rural communities (Sara, 2021). Therefore, in the future for better BUMDes management, it is necessary to hold skills training/training activities for BUMDes management in order to further improve the performance of BUMDes institutions, socialization to the community is also needed so that they know the importance of</p>

		<p>participation in the BUMDes program, the village government and the community work together for monitoring and evaluate the performance of BUMDes, in order to find out the obstacles and prepare solutions to overcome problems in the process of implementing the BUMDes business, and the village government conducts village deliberations (rembug). Thus, the BUMDes management submits an accountability report on the management of BUMDes from year to year (Suhu et al., 2020).</p>
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Source: Organized by researcher, 2021

From previous research it was explained that there are still many BUMDes in several regions that have not implemented good governance in terms of the achievements and profits. Moreover, there are still several BUMDes which in their activities have not implemented the principles of governance optimally due to incompetent human resources, therefore lack of socialization and training regarding the importance of governance practices for village managers or parties in order to improve BUMDes performance happened.

Having the characteristics of the community and the conditions of supporting factors such as better and superior human resources and the spirit of the management who want to advance BUMDes, the presence of capital participation, as well as business units that run in an orderly manner from the previously studied areas, are a distinct advantage for the Bangunjiwo Village government in maximizing the principles of BUMKAl management in improving PAKAl in Bangunjiwo Village, Kasihan District, Bantul Regency. Thus, BUMKAl Bangunjiwo are able to become good BUMDes and become good examples of BUMDes that have been studied previously in contributing to increasing PADes by applying BUMDes management

principles therein. Therefore, this research is considered necessary to find out how the principles of BUMKAl management in Improving PAKal in Bangunjiwo Village, Kasihan District, Bantul Regency (2018-2020).

1.6 Theoretical Framework

1.6.1 Management Principle

1. Definition of Management Principle

According to Balderton in (Adisasmita, 2011), The phrase management refers to mobilizing, organizing, and directing human activities to achieve a goal by making effective use of materials and facilities. Moreover, (adisasmita, 2011), argues that "Management is not just doing something, but a sequence of activities that involve management responsibilities including planning, implementation, and oversight in order to achieve goals effectively and efficiently. "Management is a set of activities aimed at achieving specific objectives through the use of people (Sumilat & Mantiri, 2018). According to Balderton in (Adisasmita, 2011), management refers to mobilizing, organizing, and directing human activities to achieve a goal by making effective use of materials and facilities.

The author concludes that management is a series of activities that include planning, organizing, directing, and supervising human activities by utilizing existing materials and facilities to achieve the goals that have been set effectively and efficiently, based on the experts' understanding of management. Several particular arrangements for village financial management have been formed since the reformation period in the history of village financial management regulation.

1.6.2 Village Owned Enterprises (BUMDes)

1. Definition of Village Owned Enterprises (BUMDes)

BUMDes are a type of corporate company whose capital is entirely or partly held by the village through direct capital participation drawn from the village's wealth and potential, according to Law No. 6 of 2014. This institution is expected to grow into a major force that will promote enhanced wellbeing in a variety of ways, one of which is through increasing economic production in the village based on the town's diversity of possibilities.

According to (Maryunani, 2008) Village-Owned Enterprises (BUMDes) are village business institutions that are managed by the community and village government in order to strengthen the village economy and social cohesion. They are formed based on the village's needs and potential. Village-Owned Enterprises are defined as "business entities whose entire or most of the capital is owned by the village through direct participation from village assets that are separated to manage assets, services, and other businesses for the welfare of the village community as much as possible," according to Village Law Number 6 of 2014." As one of the economic organizations operating in rural regions, BUMDes must have distinct characteristics from other economic institutions (Karinda et al., 2020).

There are seven fundamental characteristics that distinguish BUMDes from commercial economic institutions in general, according to the Center for the Study of Development System Dynamics (2007:4-5). (Apriyanti et al., 2019) that is:

- a) This business entity is owned by the village and managed jointly;
- b) Business capital comes from the village (51%) and from the community (49%) through equity participation (shares)
- c) Its operation uses a business philosophy rooted in local culture (local wisdom);

- d) The line of business carried out is based on the potential and results of market information;
- e) The profits obtained are intended to improve the welfare of members (capital participants) and the community through village policies (village policy);
- f) Facilitated by the government, provincial government, district government and village government;
- g) Operational implementation is jointly controlled (village government, Village Consultative Body (BPD) and members).

The BUMDes management organization is distinct from the village government organization, according to Government Regulation Number 43 of 2014 concerning Implementing Regulations for the Law on Villages. Concurrent roles carrying out the tasks of implementing village government or community institutions are not permitted for operational implementers.

The existence and performance of BUMDes can make a significant contribution to improving the welfare of villagers and village original income. In addition, the existence of BUMDes so as not to develop a capitalist business system in the countryside that can interfere with the values of people's lives. BUMDes as an economic institution whose business capital is built on the initiative of the community and adheres to the principle of independence, means that the fulfillment of BUMDes capital must come from the community.

Based on the Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia Number 4 of 2015 concerning the Establishment, Management, and Changes to Village-Owned Enterprises, BUMDes was established with the following objectives:

- a) Improving the village economy.
- b) Optimizing village assets to be useful for village welfare.

- c) Increasing community efforts in managing the economic potential of the village.
- d) Developing a business cooperation plan between villages and/or with third parties.
- e) Creating market opportunities and networks that support the public service needs of citizens.
- f) Opening job opportunities.
- g) Improving the welfare of the community through the improvement of public services, growth and equitable distribution of the village economy.
- h) Increasing village community income and village original income.

2. Management principal of Village Owned Enterprises (BUMDes)

According to (Pembangunan, 2007) the concepts of BUMDes management must be created or elaborated so that the village government, members (capital participation), BPD, Regency Government, and the community all understand and interpret them in the same way.

There are 6 (six) principles in managing BUMDes, namely:

a. Cooperative

All components involved in BUMDes must be able to do good cooperation for the development and survival of their business. The cooperative principle works well if it is based on the conditions of building togetherness or establishing close relationships with village communities and third parties, so that mutual benefits and mutual openness become the driving force (steam engine) in an effort to reduce unemployment.

b. Participatory

All components involved in the BUMDes must be willing to voluntarily or be asked to provide support and contributions that can encourage the progress of the BUMDes business. The participatory principle is said to be successful with the participation

of community and village government support in a planning and management activity including deciding on the planned activities to be implemented.

c. Emancipatory

All components involved in BUMDes must be treated equally regardless of class, ethnicity, and religion. The emancipatory principle can work well if it is based on regardless of the background of any differences in society, meaning that it does not discriminate between people from groups and ethnic groups, races and religions.

d. Transparent

Activities that affect the interests of the general public must be known by all levels of society easily and openly. The principle of transparency is said to work well if the activities or finances in BUMDes are carried out clearly and can be accessed easily so that they will gain the trust of the community.

e. Accountable

All business activities must be accountable both technically and administratively. To support the implementation of the accountable principle, there are several prerequisites needed by BUMDes management to achieve sustainable performance, namely being accountable for their performance in a transparent and fair technical and administrative manner.

f. Sustainable

Business activities must be developed and preserved by the community in the BUMDes container. The principle of sustainability is said to be successful if the resources that are managed are not only running for one or two years but are sustainable. A condition is said to be sustainable if natural resources are managed in such a way as to maintain future production

opportunities, sustainability is a condition where natural resources are managed to maintain the production of natural resource services, and sustainability is a condition of ecosystem balance and resilience fulfilled.

The principles in the management of BUMDes are expected to provide positive values for the development of BUMDes in the future and also provide positive values and productivity for its members. In addition, with the implementation of these principles, it is also hoped that BUMDes can provide more benefits for all village communities and can explore the potential of villages in the BUMDes area.

BUMDes can also be interpreted as a business characterized by a village that was established jointly by the village government together with the village community. This business entity has the task of being able to use the economic potential as well as the potential of natural resources and the potential of human resources in increasing the level of welfare of the village community.

The existence of BUMDes is one of the business entities that is encouraged to generate Village Original Income. This is in accordance with the definition of BUMDes as regulated in Law no. 32 of 2004 concerning the village government which mandates that BUMDes be established, one of which is to increase Village Original Income (PADes). The opportunities for BUMDes are very large as a milestone for economic independence which can also act as an institution that accommodates the economic activities of developing communities and the potential of villages in improving the welfare of rural communities.

Stated in (Undang-Undang No.6 Tahun 2014, 2014) that BUMDes can be established according to the needs and potential of the local village. What is meant by village needs and potentials are as follows:

- a) Community needs, especially in meeting basic needs

- b) Availability of village resources that have not been used optimally
- c) Availability of human resources capable of managing business entities as assets that drive the community's economy
- d) The existence of units that are economic activities.

3. Strategy of Managing BUMDes

In the Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia Number 4 of 2015 concerning the Establishment, Management, and Dissolution of Village-Owned Enterprises article (25) states that the strategy for managing BUMDes is gradual by considering the development of innovations carried out by BUMDes, include:

- a) Socialization and learning about BUMDes,
- b) Implementation of the Village Deliberation with the subject of BUMDes,
- c) Establishment of BUMDes that runs a social business (social business) and a rental business (renting),
- d) BUMDes business feasibility analysis oriented to brokering, holding, social business, financial business and trading, rental business covering technical and technological aspects, management and human resources, financial aspects, socio-cultural, economic, political, business and environmental aspects, legal entity aspects, and business planning aspects.
- e) Development of strategic partnership cooperation in the form of inter-Village BUMDes cooperation or collaboration with private parties, socio-economic organizations, and/or donor agencies
- f) Business diversification in the form of BUM Des which is oriented towards financial business (financial business) and joint venture (holding).

In the Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia Number 4 of 2015 concerning the Establishment, Management, and Dissolution of Village Owned Enterprises, it is explained about the establishment of BUMDes in which there is a planning stage in the establishment of BUMDes. The purpose of planning the establishment of BUMDes itself is as described in article (3), among others, to improve the village economy by optimizing the potential of existing villages, increasing income and welfare of rural communities by opening up jobs. In addition, in article (4) planning is also intended to take into account several things such as government and village community initiatives, village economic business potential, village natural resources, human resources to manage BUMDes and BUMDes capital participation which is described in article (17) that the initial capital BUMDes is sourced from the Village Budget, then BUMDes capital consists of Village capital participation and Village community capital participation. In article (5) these considerations will later be discussed through village meetings which are attended by the apparatus and the village community.

1.6.3 Increasing of Village Original Income (PADes)

1. Definition the Increasing of Village Original Income (PADes)

According to the provisions of Law Number 6 of 2014 concerning Villages Article 71 Paragraph (1) Village finances are all Village rights and obligations that can be valued in money as well as everything in the form of money and goods related to the implementation of Village rights and obligations. Referring to Minister of Home Affairs Regulation (Permendagri) No. 113 of 2014, village finances are managed with the principles of Transparency, Accountability, Participation and are carried out in an orderly budget discipline.

According to Law Number 6 of 2014 concerning Villages it is stated that, the things that the village government can do to improve Village original income in the village development process, among others, is by collecting village retribution and developing village-owned enterprises. In this case, what is meant by collecting village retribution and development of village-owned enterprises are:

- 1) Collection of Village Retribution,
- 2) Development of Village Owned Enterprises (BUMDes),
- 3) Allocation of Village Funds derived from the Balancing Fund.

Village Original Income is a source of village income, where PAD is all business carried out by the village government to support the implementation of Village Government in the context of implementing Village autonomy. Village Original Income consists of cash proceeds Village, self-help and village community participation, the results of the village community's mutual cooperation and other results from legitimate village businesses. Increasing village independence is very closely related to the village's ability to managing Village Original Income (PADes). The higher the village's ability in generate PADes, the bigger the village discretion to use PADes is in accordance with the aspirations,needs, and priorities of village development. (Ahmad Juliarso, 2017)

2. Source of Village Original Income (PADes)

Based on Government Regulation Number 72 of 2005, Village income sources consist of:

1. Village Original Income (PADes), which consists of:
 - a) Village business results;
 - b) Village wealth results;
 - c) Results of self-help and participation;
 - d) The results of mutual cooperation;
 - e) Other legitimate Village Original Income (PADes).
2. Revenue Sharing of Regency/City Regional Taxes and Levies:

- a) Local Tax, at least 10%;
 - b) Regional levies, in part.
3. The portion of the Central and Regional Fiscal Balance Fund Received by the Regency/City, at least 10% which is divided proportionally which is the Village Fund Allocation (ADD).
 4. Financial assistance from the Government (Central), Provincial Government, and Regency/City Government in the implementation of government affairs.
 5. Grants and donations from third parties that are not binding.
- Village Original Income Management (PADes) is carried out in the context of: implementation of Village development as an addition and income source of Village income. To manage Village Original Income (PADes), the right strategy is needed so that the results will be more optimal.

1.7 Conceptual Definition

This study discusses the Analysis of the Principles of Management of Village Owned Enterprises (PAKAl) in Increasing Village Original Income (PAKAl) and several relevant theories are taken to be used as references in this study:

1. Management Principle

Management principles a series of activities that include planning, organizing, directing, and supervising human activities by utilizing existing materials and facilities to achieve the goals that have been set effectively and efficiently.

2. Village Owned Enterprises (BUMDes)

Village Owned Enterprises (BUMDes) is a business entity managed by the village government, and a legal entity.

3. Increasing of Village Original Income (PADes)

Increasing village original income is a village development process, among others, by collecting village retribution and developing village-owned enterprises.

1.8 Operational Definition

In this study, the focus of improvement in this case is BUMKal Bangunjiwo as the independent variable and the Original Income of the Village as the dependent variable.

Operational definitions in research conducted by researcher are:

Table 1.4 Principles of Management BUMDes Indicators

Variable	Indicator	Parameter
<i>BUMDes governance</i> (Undang-Undang No.6 Tahun 2014, 2014)	Principles	<ol style="list-style-type: none"> 1. What principles of BUMDes management are applied in carrying out activities in BUMDes in increasing PADes. 2. How to be able to manage BUMDes well which cannot be separated from the capabilities of the management such as cooperative, participatory, emancipatory, transparent, and accountable.
	Capital	<ol style="list-style-type: none"> 1. Where does the BUMDes capital come from to fund every activity in the BUMDes. 2. Which parties can contribute capital in the management of BUMDes in increasing PADes 3. How is BUMDes equity participation to increase PADes and what is it used for.
	Type of business	<ol style="list-style-type: none"> 1. What types of businesses were formed by Bangunjiwo BUMKal in improving PAKal. 2. What fields are involved in BUMKal Bangunjiwo to increase PAKal 3. What benefits are provided from each type of

		BUMDes business
Increasing of PADes (Setianingsih, 2017)	Implementation	What is the condition of the activities carried out in each BUMKal Bangunjiwo business unit in increasing the income of Bangunjiwo village.
	Company results	<ol style="list-style-type: none"> 1. How is the revenue sharing system of Bangunjiwo BUMDes towards its contribution in increasing PAKal. 2. How much the total income generated from the BUMDes business as a contributor to PADes 3. What is it used for and how important is the village business results to its contribution to increasing PADes
	Society participation	<ol style="list-style-type: none"> 1. What is the level of community participation in the management of BUMDes towards PADes contributors 2. What contributions have the community made to the improvement of PAKal Bangunjiwo

Source: Organized by researcher, 2021

1.9 Research Method

1.9.1 Type of Research

The research conducted is a qualitative research conducted with a descriptive approach. The approach used in this study is a qualitative approach which is used to find out or describe the reality of the events being studied so as to facilitate obtaining objective data. (Sugiyono, 2015) states that qualitative research methods are used by researchers in natural object conditions. Descriptive research seeks to interpret a circumstance, event,

item, or anything else including variables that may be explained using numbers or words (Kushartono, 2016).

This research is located in Bangunjiwo Village and the research was compiled based on secondary data and primary data. Secondary data is sourced from literature and scientific publications related to the development of BUMKal. Primary data comes from interviews with the Village Head, Village Secretary, Head of Welfare Section, Director of BUMKal Bangunjiwo, Manager of BUMKal Bangunjiwo, Head or Member of UMKM, and local community in the Bangunjiwo Village. Data collection is done by techniques in the form of interviews with key persons related to research, in-depth interview and documentation.

By using descriptive qualitative methods, it is expected to produce an in-depth descriptive analysis conclusion related to the Analysis of the Principles of Management of Village Owned Enterprises (BUMKal) in increasing Village Original Income (PAKal) in Bangunjiwo Village, Kasihan District, Bantul Regency (2018-2020). Descriptive research aims to provide a systematic, factual, and accurate description of the facts and characteristics of a particular population. The purpose of descriptive research is to describe the nature of something that is going on at the time of the study.

1.9.2 Research Location

The location of the research will be carried out at the Office of the Village Head of Bangunjiwo Village, Kasihan District, Bantul Regency.

1.9.3 Unit Analysis Data

The area determined as the unit of analysis in this study is the Village of Bangunjiwo, Kasihan District, Bantul Regency (2018-2020) with the

research subject being the Government of Bangunjiwo Village, BUMKal Administrator, head or member of UMKM, and local community. The unit of analysis is the principle of managing Village Owned Enterprises in Increasing Village Original Income, Bangunjiwo village, Kasihan District, Bantul Regency (2018-2020). With the reason that this village already has BUMDes, but only a few business entities are running, now BUMDes has undergone a refinement of the name and management structure in accordance with Government Regulation No. 11 of 2021 and the existing Lurah Decree, supported by the potential for drinking water management “Kangen Water” and Sekarmataram Culinary which is quite good in increasing the village's original income for the welfare of the community. The researcher will examine how the principles of managing Village Owned Enterprises (BUMKal) in increasing village income (PAKal) in Bangunjiwo Village, Kasihan District, Bantul Regency (2018-2020).

Table 1.5 List of Agency to Interview

No	Agency	Interviewees	Total
1.	Bangunjiwo Village Government	1. H. Parja, ST., M.Si (Head of Bangunjiwo Village) 2. Mr. Sukarman (Secretary of Bangunjiwo Village) 3. Mr. Andoyo (Head of Welfare Section)	3
2.	BUMKal Bangunjiwo Manager	1. Mr. Agus Mulyono (Director of BUMKal Bangunjiwo) 2. Mr. Moh Chasby, S.IP (Secretary of BUMKal Bangunjiwo) 3. Drs. Bambang Sudaryono	4

		<p>(Manager of BUMKal Bangunjiwo Business Unit “Kangen Water”)</p> <p>4. Mr. Danang Dwi Amboro, S.Sos (Manager of BUMKal Bangunjiwo Business Unit “Sekarmataram Culinary”)</p>	
3.	Village Community Leaders.	<p>1. Mr. Josh Handani (President Director of Jiwo Bakulan, Founder of Rumijo Eco Indonesia, and Micro, Small, Medium Enterprises (UMKM) Preneur Village in Bangunjiwo Village)</p> <p>2. Mr. Paijo (Coordinator of Community Groups and Micro, Small, and Medium Enterprises “UMKM peyek Tumpuk Sukarasa” in Bangunjiwo Village)</p> <p>3. Mrs. Trie Aprilia (Micro, Small, and Medium Enterprises “UMKM Prima Village” in Bangunjiwo Village)</p>	3
4.	Village Society	<p>1. Mrs. Sukinah (Society and Egg Nut Craftswoman in</p>	2

		Bangunjiwo Village) 2. Mrs. Ponirah (Society and Bakpia Safe Craftswoman in Bangunjiwo Village)	
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Source: Organized by researcher, 2021

1.9.4 Data Collection Technique

1. In-Depth Interview

According to Esterberg in (Sugiyono, 2015), an interview is a meeting conducted by two people to exchange information or an idea by means of question and answer, so that it can be reduced to a conclusion or meaning in a particular topic. (Khosiah et al., 2017) Interview is data collection by asking questions directly to respondents by researchers and direct answers of respondents are recorded or recorded with a recording device. In this study, the researcher conducted interviews with several sources such as: the Village Head, BUMKal manager, Head of UMKM, and Bangunjiwo village local community.

The interview used in this study is a semi-structured interview because the interview is quite in-depth because there is a combination between interviews that are guided by questions that have been prepared and questions that are broader and deeper. This interview uses question words that can be changed during the interview, according to the needs and situation of the interview, provided that it does not deviate from the information needed for this research.

The following is a guide to questions to ask during an interview:

- 1) BUMkal Profile “Bangun Kamulyan Bangunjiwo”;
- 2) AD/ART BUMKal for drinking water management “Kangen Water”;
- 3) APBKal Bangunjiwo Accountability Report 2018-2020;

- 4) Bangunjiwo BUMKal Accountability Report 2018-2020; as well as
- 5) Financial Balance of BUMkal for Drinking Water Management, and BUMkal for Culinary.

2. Study Documents

The documentation data used in this study is supporting data or accurate information to strengthen the results of the study and show the truth of the data during the research such as notes, APBKal reports from 2018-2020, the amount of BUMKal income, AD/ART in BUMKal management, types of BUMKal businesses, and total Village Original Income (PAKAl) of Bangunjiwo village.

1.9.5 Type of Data

The types of data that researcher uses in this study are primary data and secondary data:

1) Primary Data

Primary data is data that comes directly from respondents or sources, without going through a second or third party. Sources of primary data were obtained through a series of individual interviews with resource persons in order to obtain in-depth data that was in accordance with the researcher's discussion. The completeness of the data obtained by the researcher will affect the quality of the research.

The following are primary data obtained in conducting this research:

Table 1.6 Primary Data

No	Primery Data	Data Source	Data collection technique
1.	a) BUMKal management principles in	BUMKal Bangunjiwo	In-Depth Interview

	<p>improving PAKal</p> <p>b) Kinds and Types of BUMKal</p> <p>c) Allocation of funds for the management of BUMKal business units</p> <p>d) BUMKal Management Flow Report</p> <p>e) Activities carried out within BUMKal</p>	Manager	
2.	<p>a) Kinds and Types of PAKal</p> <p>b) Sources of Village Original Income (2018-2020)</p> <p>c) Total of PAKal (2018-2020)</p> <p>d) Allocation of Village Original Income (PAKal)</p> <p>e) APBKal Report (2018-2020)</p> <p>f) BUMKal equity participation and profit sharing of BUMKal for PAKal</p>	Bangunjiwo Village Government	In-Depth Interview
3.	a) Responses and suggestions	Village	In-Depth Interview

	given to the establishment of BUMDes Bangunjiwo b) Contribution to BUMDes in increasing PADes	community leaders.	
4.	a) Responses and suggestions given to the establishment of BUMDes Bangunjiwo b) Contribution to BUMDes in increasing PADes	Village Society	In-Depth Interview

Source: Organized by researcher, 2021

2) Secondary Data

Secondary data is data that has been processed in advance, or data obtained indirectly from respondents, but through intermediaries or obtained from data reports, documentation, books, journals, government publications, as well as sites or other supporting sources. Secondary data is used as additional information or supporting data from primary data in accordance with the subject matter being studied.

Table 1.7 Secondary Data

No	Secondary Data	Data Source	Data collection technique
1.	Village Description or Profile	PEMKAL	Documentation
2.	Description of BUMKal Bangun Kamulyan Bangunjiwo	BUMKAL	Documentation
3.	BUMKal Financial	BUMKAL	Documentation

	Report (2018-2020)		
4.	BUMKal Management Flow Report (2018-2020)	BUMKAL	Documentation
5.	BUMKal Articles of Association and Bylaws (AD/ART)	BUMKAL	Documentation
6.	PAKal Financial Report (2018-2020)	PEMKAL	Documentation
7.	APBKal Report (2018-2020)	PEMKAL	Documentation

Source: Organized by researcher, 2021

1.9.6 Data Analysis Technique

According to (Sugiyono, 2009) by looking up information, data analysis technique symmetrically defined as the responsibility obtained from interviews, field notes, and documentation, by categorizing data, describing data into units, synthesizing, organizing data into a pattern of choosing which essential and that will be studied, and making conclusions that are easily understood by themselves and others. In qualitative research the data collected through interview and documentation data collection techniques. Data analysis in qualitative research has basically been carried out since the beginning of the pre-research activity and ends until the end of the study. This is expected to create consistency in comprehensive data analysis. Considering that qualitative research is descriptive, it uses philosophical data analysis and develops inductive analysis logic to be able to explain the case or phenomenon under study in detail. Inductive data analysis is when conclusions are drawn from individual facts and then extrapolated to the whole.

The following steps to analyze the data in this study are as follows:.

a. Data Collection

In this study, data were obtained from the government of the Bangunjiwo Village, and the administrators or managers of BUMKAL Bangunjiwo, UMKM leaders. The data needed is information related to BUMKAL management principles in improving PAKAL, information about village finances is also needed to be taken into consideration for data analysis, especially related to sources of village income and the amount of village original income. This information will later be considered in the assessment of whether BUMKAL has been able to contribute to improving PAKAL. Thus, it is hoped that accurate data will be obtained that will strengthen the results of this study.

b. Data Reduction

In this study, the author reduces and combines the data obtained from previous research sources, interviews, observations, and supporting documents contained in the Bangunjiwo Village. The data information that has been collected will be selected and then selected valid and appropriate data as needed as a result of the analysis. This reduction is carried out by the author continuously so that it can reach a conclusion that can be proven true.

c. Data Presentation

In this study, the presentation of the data aims to make it easier for the author to see the results of the research which are the results of observations and interviews with the Bangunjiwo Village Government, the Manager of BUMKAL Bangun Kamulyan Bangunjiwo, the Head of UMKM, and the local community in the Bangunjiwo Village. Thus, an overview of the research results can be concluded.

d. Drawing Conclusion

Drawing conclusions is the last stage in the research where the author describes the meaning to be conveyed based on the data that has been obtained through the interview and observation process. The

final stage in data analysis will produce a detailed description of the management principles implemented by BUMKAl in improving PAKal and whether the presence of BUMKAl Bangun Kamulyan Bangunjiwo can increase PAKal in Bangunjiwo Village.