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Evaluation of the Performance of Mekong Lestari Village-Owned Enterprise: Contribution in Improving the Economy in Mekong Village

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Abstract:

Village-owned enterprises, referred to as BUMDes, are economic institutions owned by the village to manage economic activities at the village level. The main objective of establishing BUMDes is to improve the village economy, create jobs, and improve the welfare of the village community. By evaluating the performance of BUMDes Mekong Lestari, the success of BUMDes Mekong Lestari in improving the economy and welfare of the community in Mekong Village will be known. This research aims to evaluate the performance of BUMDes Mekong Lestari, Mekong Village, Tebing Tinggi Barat Sub-district, Meranti Islands Regency, Riau Province. Qualitative research methods are used in this study with data collection techniques, namely interviews, observation, and documentation. From this research, it can be concluded that the performance of BUMDes Mekong Lestari has not been maximized. The performance of BUMDes that has not been maximized cannot be separated from the many obstacles and constraints faced in managing BUMDes Mekong Lestari, such as the lack of human resources who are reliable in their fields, lack of facilities and infrastructure and lack of understanding and awareness of the village community of the existence of BUMDes. .

Keywords: *evaluation; performance; BUMDes; economy*

I. Introduction

The government sets policies in the context of empowerment to improve the quality of village autonomy in managing the resources owned by each village independently. One of them is developing institutions owned by the government at the lowest level of governance. An important institution owned by the village is the Village-Owned Enterprises, or BUMDes, with the village head as the driving force in the area he leads (Wicaksono, 2020).

This type of locally-owned-and-managed-business can help to address community problems through mobilization of local resources that it is hard for profit-oriented business. Local community entrepreneurship was often cited as a promising strategy to promote developmental goals in rural areas. However, other studies highlighted some primary challenges of local-enterprises including ill-defined ownership, membership issues, governance, relatively lower human capital quality, difficulties to develop economies of scale, lack of access to financial resources,

and limited access to. Therefore, a promising success of local-community-enterprises depends on its governance, financial resources, human capital and technology (Arifin et al., 2020).

Villages need a business entity to manage their potential because the village economy has been experiencing a downturn (Aprillia et al., 2021). Therefore, BUMDes was formed by the village government, which is one of the efforts to empower the village to manage the village economy (Sofyani et al., 2020). BUMDes is a village business institution managed by the village government and the community to strengthen the village economy. It is formed based on the needs and potential of the village (Sinarwati & Prayudi, 2021). Since the issuance of Law number 6 concerning Villages in 2014, BUMDes has become one of the development tools in the village to improve the village economy, increase village income, improve village potential management according to community needs, and is expected to become the backbone of village economic growth and equity (Ubi Laru & Suprojo, 2019).

The existence of BUMDes continues to increase from previous years. It is known that until the beginning of 2020, 46 thousand or more than 61% of villages in Indonesia already have BUMDes, but BUMDes with active activities are less than 20% (Riyanti & Adinugraha, 2021). The establishment of BUMDes in villages seems to be a formality because it has not seen its active role in achieving the objectives of the establishment of BUMDes itself (Hidayah et al., 2019). Some of the obstacles of BUMDes in starting a business are the lack of business capital that can make BUMDes unable to run business diversification, the absence of adequate resources in managing BUMDes, so that institutional performance does not run

optimally, and finally, the institutional aspect, the level of public awareness and knowledge of BUMDes is still low (Pradana & Fitriyanti, 2019).

To realize the hope of establishing BUMDes, support from the government, business actors, academics, and village communities must be actualized and followed up. Therefore, the government must continue to intensify its efforts to improve village quality and empower village independence so that villages can manage their resources independently. This effort can be done through BUMDes, and the results will be more effective if done in collaboration with the village government and the community (Muhammad et al., 2021).

Mekong Village, West Tebing Tinggi Sub-district, Meranti Islands Regency, Riau Province has a business entity called BUMDes Mekong Lestari, where BUMDes Mekong Lestari was established initially in 2017 with two changes in BUMDes management. The establishment of BUMDes Mekong Lestari is one of the manifestations of the village government's commitment to exploring all the potential and resources available to improve the economy and welfare of the village.

The first BUMDes Mekong Lestari management ran from 2017 to 2020 with two types of business units in the trade sector: the sale of office stationery, photocopies, pulses, and cellphones. The types of businesses in the service sector include workshops and photographers. In the management period from 2020 to 2023, the number of business units from BUMDes Mekong Lestari was only a workshop and farming business, which, based on facts in the field, was also no longer running.

From the explanation above, it can be said that in recent years, BUMDes Mekong Lestari has shown less performance and

existence in contributing to Village Original Revenue (PAD) when viewed by several businesses that have not been running for a long time. If BUMDes can be appropriately managed, Village Original Income will also increase, so the high and low income from BUMDes will certainly affect Village Original Income (PAD) (Kurnia Dewi et al., 2022).

The village government needs to commit to the establishment of BUMDes. Without the support of the ability and management carried out by BUMDes administrators effectively and efficiently, efforts to improve the village economy towards achieving the contribution of Village Original Revenue (PAD) will undoubtedly be complicated (Masrullah et al., 2023).

Evaluating the performance of BUMDes Mekong Lestari is one of the steps that must be taken to see its success. BUMDes is essential in developing the village economy and improving community welfare. Therefore, the performance evaluation of BUMDes is critical in identifying the effectiveness and efficiency of the programs that have been implemented (Nasution, 2024). Based on the background previously described, the question in this study is how the performance evaluation of the Mekong Lestari village-owned enterprise in Mekong Village, Tebing Tinggi Barat District, Meranti Islands Regency, Riau Province, is done.

II. Legal Materials and Methods

The research method used was a qualitative approach. Data was obtained through interviews, observation, and documentation. Interviews were conducted by considering informants who were relevant to the research questions. Interviews were conducted at BUMDes Mekong Lestari and Mekong Village

Government. The observation was conducted by directly visiting BUMDes Mekong Lestari and seeing the actual conditions in the field. Documentation includes relevant documents such as reports, scientific literature, and information related to BUMDes Mekong Lestari. Data analysis was carried out using an interactive model consisting of data reduction, data presentation, and concluding/verification. Meanwhile, the validity of the researcher's data was tested using triangulation techniques (Rahman et al., 2023).

III. Result and Discussion

a. Effectiveness

Effectiveness relates to the alternative of achieving the expected results or achieving the objectives of the policy. Based on the above opinion, if a goal reaches the target that has been determined or agreed upon, the effectiveness will be greater. In this case, when running a program, the initial objectives must really be designed in as much detail as possible so as to get effective results. BUMDes Mekong Lestari has not been as effective as expected because each existing business unit does not increase the village economy but instead causes losses for the village.

b. Efficiency

Achieving the highest policy effectiveness at the lowest cost is called efficiency. The above opinion explains that each program has an achievement target; if income is lower than expenses, then it is said to be inefficient. The program is not worth continuing because it has been wasted. For the efficiency variable indicator, it can be concluded that BUMDes Mekong Lestari needs to be more efficient in managing existing funds. The funds should have been able to generate village revenue and support the village economy, but on the

contrary, it is detrimental to the village itself. In this case, it is inefficient because of existing expenses and not getting income.

c. Adequacy

Adequacy concerns how far the achievement of the desired results has solved the problem. This adequacy criterion emphasizes the strength of the relationship between policy alternatives and expected results. This explains that how to solve a problem that has been determined in a policy as the problem is included in the policy itself. Therefore, before a program is formed, it is first seen how the problems that will occur if the program is formed. For the adequacy variable indicator, the results show that the management performance of BUMDes Mekong Lestari still needs to be more effective and efficient. In this case, before forming a program, it must really be analyzed how the future achievements will be so that it does not provide losses to the village itself.

d. Equality

Equality, in this case, can also mean justice given and obtained from a policy. For the equity indicator, it can be concluded that the benefits of BUMDes Mekong Lestari have not been felt by the community evenly. Each business unit run by BUMDes should be able to benefit the village so that existing business units can develop and benefit the village and its people.

e. Responsiveness

Concerned with how far a policy can satisfy the needs, preferences, or values of particular groups of people. Responsiveness is one of

the analyses that provide satisfaction with the criteria of effectiveness, efficiency, adequacy, and equity. Evaluation of a program is considered a failure if it has not met the needs of a target group. For the responsiveness indicator, it can be concluded that the business units that BUMDes Mekong Lestari has formed do not provide satisfaction to the village community because many business units are not in accordance with the needs of the Mekong Village Community with the lack of community interest in existing business units, the business units do not last long.

f. Accuracy

This accuracy is related to the desired results and goals that are useful for the community. When implementing a program, will it provide value or benefit to the community? In other words, is the program really useful and beneficial for the community? A policy can be measured through the alternatives used with the accuracy indicator. For the accuracy variable indicator, it can be concluded that the business unit run by BUMDes Mekong Lestari is not on target because only one business unit is in accordance with the potential of Mekong Village so that only one business unit can survive, even though it does not last long.

IV. Conclusion and Suggestion

From the explanation above, it can be concluded that the performance of BUMDes Mekong Lestari has not been maximized. This is because the objectives of establishing BUMDes have not been achieved, namely to improve the village economy. According to Dunn, the six evaluation indicator variables have a problem with the effectiveness variable indicator: not achieving the previously planned planning because many business units have been created but just stopped. Next, the adequacy variable indicator does not satisfy the needs of the village community. The equality variable indicator is that not all Mekong Village communities have enjoyed the benefits of BUMDes Mekong Lestari.

Regarding the responsiveness variable, the results show that BUMDes has not been able to improve the economy of Mekong Village, so it does not satisfy either the village government or the community. The accuracy variable indicator has not been well implemented because only one business unit is considered right on target. After all, it is to the village's potential in agriculture. Several suggestions can be made to improve the performance of BUMDes Mekong Lestari, namely the need for training or guidance from universities, sub-districts, districts and related agencies so that they can increase the knowledge and skills of existing human resources so that they can manage BUMDes properly which in turn can provide income for the village.

Next, BUMDes facilities and infrastructure should be increased so that BUMDes Mekong Lestari activities can be carried out without obstacles. Finally, the Mekong Village community is advised to increase awareness and actively participate in activities that are being or will be carried out by BUMDes to improve common welfare.

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