Village Government Strategy in Community Economic Empowerment through Village-Owned Enterprise Program

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Abstract: The Village-Owned Enterprise program is expected to have a positive impact in boosting the village economy. Therefore, a mature strategy is needed from the Village Government through the Village-Owned Enterprises program to identify and utilize local potential in the village. This study aims to examine the strategies implemented by the Wonoasri Village Government in an effort to empower the community’s economy through the Dana Asri Sejahtera Village-Owned Enterprise program, as well as to identify factors that support and hinder the implementation of these strategies. This research adopts the concept of Wheelen and Hunger’s theory of strategy implementation, which consists of Programs, Budgets, and Procedures. The method applied in this research is descriptive qualitative method. In this study, the technique of determining informants was carried out by applying the snowball sampling method. The data collection techniques are through the stages of observation, interviews and documentation. Then the data is analyzed using the Miles and Huberman model theory. The results of this study indicate that the implementation of community economic empowerment strategies carried out by the Wonoasri Village Government through the Dana Asri Sejahtera Village-Owned Enterprise program is realized through the development of 3 types of business fields, namely 1) savings and loan business, 2) culinary market business, 3) livestock business. The strategy of the Wonoasri Village Government through the Dana Asri Sejahtera Village-Owned Enterprise program has run optimally due to supporting factors such as adequate capital and infrastructure. However, there are limited human resources that become obstacles in the implementation of strategies carried out by the Wonoasri Village Government through the Dana Asri Sejahtera Village-Owned Enterprise.

Keywords: Strategy; Community Economic Empowerment; Village-Owned Enterprises
Introduction

In Indonesia, the gap between urban and rural areas is still a complex problem in achieving equitable economic progress (Nasution, 2020). Although economic development in cities continues, the reality in rural areas shows a different picture (Savitri & Ashar, 2023). Based on data from the Central Statistics Agency (BPS) in March 2023, it shows that the poverty rate in rural areas is still high, reaching 12.22%, far exceeding the urban poverty rate of 7.2% (BPS, 2023). Recently, Law No. 3 of 2024 on the Second Amendment to Law No. 6 of 2014 on Villages has been passed (KEMENDAGRI, 2024). Despite the passing of the Village Law, data from the Central Statistics Agency in 2024 shows that the level of inequality in villages is still high. In the past few years from 2014 to 2023, the village inequality rate has only decreased slowly, by 0.027. The same thing happened with the village poverty indicator, which only decreased by 1.4 percent over the same period. All of this indicates that village development through existing programs has not reached the expected targets. Village development has not fully touched the community so that the results do not encourage the strengthening of the village economy (Hasibuan, 2024).

In order to improve the welfare of the community, the Government of Indonesia, through the Agency for Community Empowerment and Village Development, has initiated the establishment of Village-Owned Enterprises (Prasetya & Prajanti, 2023). This institution is authorized to establish various types of businesses with the aim of strengthening the economy at the village level (Amerieska et al., 2021; Samadi et al., 2015). As a village-based economic organization, Badan Usaha Milik Desa is managed in a participatory manner by the community and village government. Its establishment is done by considering the needs and economic potential that exist in the village environment (Latif et al., 2023; Ridlwan, 2015). As an institution operating in rural areas, Village-Owned Enterprises need to show distinctive differences compared to economic institutions in general. It is intended that the Village-Owned Enterprises have a major impact in improving the welfare of the village community through its existence and performance (Sari & Tukiman, 2023).

The management of Village-Owned Enterprises in Jember Regency has not been effective and efficient (Surya, 2021). To date, there have been around 200 Village-Owned Enterprises spread across 226 villages in Jember. However, of these, only a limited number are performing optimally. The lack of optimal performance of Village-Owned Enterprises as agents of strengthening the economy of village communities is indicated by the percentage level of the poor population in Kabupaten Jember, which increased by 0.12 percent in a year, from 9.39 percent in March 2022 to 9.51 percent in March 2023 (Hadi et al., 2023). This data shows that despite efforts to develop Village-Owned Enterprises, their impact on the welfare of village communities has not been significant. Many Village-
Owned Enterprises face obstacles such as limited budgets, human resources, and infrastructure (Novika et al., 2022; Ristiana & Yusuf, 2020).

Village-owned enterprises are supposed to be the hope for strengthening the village economy, but that hope has not been fulfilled until now (Fitria, 2022). Village-Owned Enterprises do not function as expected by the government due to several reasons, such as the lack of competent human resources, lack of capital, lack of support from the local community and inadequate infrastructure (Amir, 2022). However, Dana Asri Sejahtera Village-Owned Enterprise has managed to overcome these obstacles and is listed as one of the best Village-Owned Enterprises in Jember Regency. Dana Asri Sejahtera Village-Owned Enterprise is located in Wonoasri Village, Tempurejo District. This Village-Owned Enterprise has been established since 2015 and was awarded as the best Village-Owned Enterprise in 2022. This award was given at the "Gala Anugerah Desa & Hari Kesatuan Gerak (HKG)" event organized by the Jember District Government through the Community and Village Empowerment Office (Mukhlishah, 2022).

Dana Asri Sejahtera Village-Owned Enterprise consists of several business units that have been run, such as a savings and loan financial services business unit, a livestock business unit and a culinary market business unit. Dana Asri Sejahtera Village-Owned Enterprise can realize significant economic empowerment through the management of various strategic business units. This can be proven by the Village Original Revenue (PAD) of Wonoasri Village which is increasing every year. In 2022, the PAD of Wonoasri Village amounted to Rp. 4,700,000, which increased in 2023 to Rp. 5,500,000. Seeing from its success in running the existing program, but in fact there are still obstacles in its implementation. Therefore, this study aims to examine the strategies implemented by the Wonoasri Village Government in an effort to empower the community's economy through the Dana Asri Sejahtera Village-Owned Enterprise program, as well as identify factors that support and hinder the implementation of these strategies.

**Methodology**

The method applied in this research is descriptive qualitative method which aims to analyze in depth about how the strategy of the Wonoasri Village Government through the Dana Asri Sejahtera Village-Owned Enterprise program empowers the community economy in Wonoasri Village. This research was conducted in Wonoasri Village, Tempurejo District, Jember Regency. In this study, the technique of determining informants was carried out by applying the snowball sampling method. According to (Sugiyono, 2014) snowball sampling is a sampling method that starts with a small number and then grows larger. The method was chosen because initially it only sets one or two informants, but over time and if the data is considered incomplete, the researcher will look for additional informants to complete the data. Data collection was carried out through
observation, interviews, and documentation. Then the data was analyzed using the interactive model from (Miles et al., 2014) which applies four steps in analyzing data, namely data collection, data condensation, data presentation and conclusion drawing.

Result and Discussion

A. Village Government strategies in community economic empowerment through the Village-Owned Enterprises program

The implementation of community economic empowerment strategies in this study is studied using the theoretical approach proposed by (Hunger & Wheelen, 2003; Subiyakto et al., 2022) which consists of (1) program; (2) budget; (3) procedures. The three programs run by the Dana Asri Sejahtera Village-Owned Enterprise have different implementation or procedures. However, overall the programs implemented by the Dana Asri Sejahtera Village-Owned Enterprise have the same goal, namely to realize community welfare. The strategy of the Dana Asri Sejahtera Village-Owned Enterprise in driving the community's economy can be seen from the various business unit programs it runs, such as the savings and loan business unit, the culinary market business unit, and the livestock business unit. Evaluation of the research results of each business unit is carried out based on program development, budget allocation, and procedures in accordance with the indicators set by Wheelen and Hunger.

1. Savings and Loan Business

The savings and loan business unit has been operating since 2015, making it the initial business undertaken by the Dana Asri Sejahtera Village-Owned Enterprise. This business was formed with the main purpose of providing loans to MSME players who need business capital and providing credit services for goods with low interest. The loan process is designed to be quick, easy, and accompanied by friendly service. The loans offered have an interest rate of 2% per month with a repayment period of 4 months. The existence of this savings and loan business unit is very important to facilitate easy access for micro-scale businesses. By providing the necessary capital, this business unit assists MSME players in meeting their basic social funding needs, such as education and health costs. In addition, another goal of the savings and loan business is to strengthen the economy of the Wonoasri Village community as a whole.

The financial service products offered by this savings and loan business unit include various types of savings, such as general savings, education savings, holiday savings, and term savings. Loan products include general loans, education fund loans, and health fund loans. The savings and loan unit is not only a financial service provider for villagers, but is also open to those from outside the village. This variety of products allows
people to choose services that suit their financial needs. The business unit also plays a role in reducing villagers' dependence on unofficial and high-risk sources of loans. With the Dana Asri Sejahtera Village-Owned Enterprise, the community has a safer and more reliable financing alternative. Overall, the savings and loan business unit is expected to contribute significantly to improving the economic welfare of village communities through affordable and sustainable financial support.

The budget for the savings and loan business unit comes from various sources, including initial capital from the Dana Asri Sejahtera Village-Owned Enterprise, customer deposits, and grants or loans from other parties. Budget allocations are used for day-to-day operations, deposit interest payments, loan disbursements, as well as administrative and supervisory costs. Financial management is done carefully to ensure sufficient and efficient funds are available. The sustainability aspect of the budget is considered by maintaining a balance between revenue and expenditure, as well as increasing revenue from services provided.

In the beginning, the number of customers of the Village-Owned Enterprise was no more than 50 with a relatively low turnover. However, from year to year, the number of customers continues to increase significantly. The following table shows the number of customers and the turnover of savings and credit turnover from 2019 to 2022 for the savings and loan business unit of the Dana Asri Sejahtera Village-Owned Enterprise:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Customers</th>
<th>Saving Turnover</th>
<th>Credit Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>99 customers</td>
<td>39.202.000,00</td>
<td>86.111.667,00</td>
</tr>
<tr>
<td>2020</td>
<td>541 customers</td>
<td>1.434.835.500,00</td>
<td>955.603.706,00</td>
</tr>
<tr>
<td>2021</td>
<td>1.070 customers</td>
<td>3.691.368.200,00</td>
<td>1.625.146.850,00</td>
</tr>
<tr>
<td>2022</td>
<td>1.333 customers</td>
<td>3.968.465.000,00</td>
<td>1.973.250.300,00</td>
</tr>
</tbody>
</table>


Seeing the increase in the number of customers and turnover from year to year, this shows that the Dana Asri Sejahtera Village-Owned Enterprise is able to provide the savings and loan services needed by the village community efficiently and trustworthy. Overall, the significant growth in the number of customers, savings turnover, and loan turnover from year to year demonstrates the success of Dana Asri Sejahtera Village-Owned Enterprise in effectively managing its budget and providing services that meet the needs and trust of the village community. With a substantial contribution to the village’s own-source revenue, the savings and loan business unit has become one of the main
pillars in the economic development of the village community and the improvement of the welfare of Wonoasri village.

The increase in the number of customers is due to procedures that facilitate access for customers. The work procedures implemented by the Dana Asri Sejahtera Village-Owned Enterprise are based on Village Regulation Number 4 of 2021 concerning the Establishment of the Dana Asri Sejahtera Village-Owned Enterprise of Wonoasri Village. This work procedure is realized in the form of a predetermined SOP (Standard Operating Procedure). Staff or employees and customers as a whole are expected to follow these procedures. Customers who want to save or make loans are required to comply with existing requirements in accordance with the SOP in the Dana Asri Sejahtera Village-Owned Enterprise according to the type of activity. Likewise, staff or employees in carrying out their duties must comply with the SOP that has been determined by the Dana Asri Sejahtera Village-Owned Enterprise.

From the analysis using the three indicators described by Wheelen and Hunger, the savings and loan business unit has proven successful in significantly empowering the community's economy. In fact, this business is the largest contributor to revenue for the Dana Asri Sejahtera Village-Owned Enterprise in Wonoasri Village, and contributes to improving the welfare of the people of Wonoasri Village.

2. Culinary Market Business

The culinary market business unit is one of the initiatives of the Dana Asri Sejahtera Village-Owned Enterprise that provides a place of business for MSMEs in Wonoasri Village. Located in the Wonoasri Village Square area, this business unit was established in 2023. Prior to this culinary market, traders sold on the outskirts of the field, which gave the impression of being untidy and unorganized. In response to this situation, the Wonoasri Village Government through the Dana Asri Sejahtera Village-Owned Enterprise sought to organize and coordinate a place for MSMEs by transforming the Wonoasri Village field into a structured and more aesthetic Wonoasri Village Square. Although this business unit is relatively new, the results have shown a significant positive impact in community economic empowerment. This can be seen from the enthusiasm of the community to sell and visit the Square every day.

Wonoasri Village Square is now a center of economic and social activity, which not only provides a place for traders to make a living, but also creates a space for community interaction and entertainment. The success of this culinary market business unit can be seen from the increasing number of participating traders and the growing crowd of visitors. Every day, people flock to enjoy the wide variety of culinary offerings, making Wonoasri Village Square a favorite destination in the village. In addition, this initiative
also helps to increase the income of local traders and revitalize the village economy as a whole. Thus, the culinary market business unit is not just a place to sell, but has also become a symbol of the progress and prosperity of Wonoasri Village.

The Village-Owned Enterprise Dana Asri Sejahtera’s management of the culinary market budget receives significant support from various grant programs, including Provincial Special Financial Assistance for the construction of market stalls and funds from the Wonoasri Village Government for the construction of the market floor. This assistance has allowed the Village-Owned Enterprise to focus on investing in the basic infrastructure of the market and allocate internal resources for other important purposes. The collaboration between the Village-Owned Enterprise, the Provincial BKK and the Village Government demonstrates a shared commitment to advancing the local economy through the development of a modern and competitive culinary market.

Dana Asri Sejahtera Village-Owned Enterprise received a total assistance of 75 million for the development of the culinary market, with 40 million for the construction of MSME stalls, 32 million used for the construction of the Alun-Alun monument and supporting infrastructure. And the remaining 3 million is used for village operational costs as well as MSME training and other supporting activities. The Village-Owned Enterprise’s main source of income comes from a daily fee of IDR 5,000 charged to MSMEs, which is used for infrastructure maintenance, staff salaries, cleaning, as well as entertainment and promotional events, ensuring a comfortable environment for visitors and traders, and supporting the promotion of MSMEs to the wider community. With the budget strategy managed by the Dana Asri Sejahtera Village-Owned Enterprise, the Village-Owned Enterprise is able to maximize the use of resources for culinary market development.

The procedure for people who want to sell in this culinary market is quite easy. Prospective traders only need to apply for a permit to the village or Village-Owned Enterprises to be recorded regarding the type of business they will run. This process is simple and aims to ensure that every trader is registered and their business is well-documented. Interestingly, traders from outside the village are also allowed to sell at this culinary market, thus opening up opportunities for more businesses and increasing the diversity of products offered to visitors. This selling activity starts from 04.00 to 15.00 WIB, and continues from 16.00 to 24.00 WIB. This business is expected to empower the community economy by creating new jobs and increasing the income of traders, as well as strengthening the local economy of Wonoasri Village.

3. Chicken Farming Business
This business unit, established in 2023, aims to improve the economy of the Wonoasri Village community by utilizing local resources. The business unit is implemented in collaboration with local farmers in Wonoasri Village. Collaboration with local farmers allows the business unit to provide high-quality livestock products locally. Thus, it not only empowers the economy of local farmers but also provides access to the community to get quality products at affordable prices. The business unit also has a positive impact by creating jobs for the surrounding community, thus helping to improve the local economy.

The budget for the Dana Asri Sejahtera Village-Owned Enterprise's livestock business unit is obtained from various sources, including village fund allocations, contributions from members of the Village-Owned Enterprise, and retribution from the sale of livestock products. The initial capital for the chicken farming business unit at the Dana Asri Sejahtera Village-Owned Enterprise is 100 million rupiah with an additional capital of 100 million rupiah from the Wonoasri Village Government. These funds are used for various operational needs, such as purchasing animal feed, animal health care, and cage maintenance. In addition, the budget is also allocated for farmer training to improve their skills and knowledge on better animal husbandry practices. Budget management is conducted in a transparent and accountable manner to ensure that all funds are used effectively and efficiently, as well as to support the sustainability of the livestock business and improve the economic welfare of the people of Wonoasri Village.

Village-owned enterprise Dana Asri Sejahtera implements a 5% profit-sharing system with local farmers, where from a total income of 500 million rupiah per year from 5 harvests, farmers receive 25 million rupiah. This cooperation encourages active participation and sustainability of the joint venture. In cooperation with partners or PT, profit sharing is based on the selling price of the chicken after deducting all operational costs, ensuring operational sustainability and profit optimization. This strategy allows the Village-Owned Enterprise to maintain good relations with all parties involved and ensures the long-term success of the chicken farming business and supports economic initiatives in Wonoasri Village.

The operational procedure of the Dana Asri Sejahtera Village-Owned Enterprise's livestock business unit begins with the registration process of local farmers who wish to join the program. The workers of this livestock business unit are drawn from the surrounding community. Prospective farmers must submit an application to the Village-Owned Enterprise manager and fulfill predetermined requirements, such as adequate land and basic knowledge of animal husbandry. Once accepted, farmers will receive
training on good farming techniques, including feed management, animal health, and cage maintenance.

Every day, farmers must record the progress of their livestock in a diary provided by the Village-Owned Enterprise. The Village-Owned Enterprise managers regularly make field visits to monitor the condition of the livestock and provide technical assistance if needed. In addition, farmers must also attend monthly meetings to report on the progress of their livestock and discuss challenges faced and possible solutions.

The sale of livestock products is carried out through a system that has been arranged by the Village-Owned Enterprise, where farmers must submit some of their livestock products to the Village-Owned Enterprise to be marketed. The income from these sales will then be shared between the farmers and the Village-Owned Enterprise in accordance with the agreement that has been made. This procedure aims to ensure the sustainability and success of the livestock business and improve the economic welfare of the people of Wonoasri Village.

B. Supporting and Hindering Factors for Community Economic Empowerment Strategies

In this study, there are supporting and inhibiting factors in the implementation of community economic empowerment strategies carried out by the Wonoasri Village Government through the Dana Asri Sejahtera Village-Owned Enterprise. These supporting factors include:

1. Supporting Factors

Supporting factors in the implementation of community economic empowerment strategies through the Dana Asri Sejahtera Village-Owned Enterprise mainly lie in the availability of capital and adequate infrastructure. Village-Owned Enterprises play an important role in providing access to capital for small and micro businesses at the village level, providing support in starting or expanding their businesses. With funding sources from Village-Owned Enterprises, villagers can access capital with affordable interest and an easier process compared to other financial institutions. In addition, the facilities and infrastructure provided by Village-Owned Enterprises, such as access to markets, transportation, and other amenities, also help to improve the productivity and competitiveness of village businesses. Thus, these factors not only facilitate community economic empowerment, but also directly support Village-Owned Enterprises in carrying out their role as catalysts for village community economic development.

2. Inhibiting Factors
The inhibiting factor in the implementation of community economic empowerment strategies in Wonoasri Village lies in the limitations of adequate human resources. Human resources in the savings and loan business unit, for example, experience obstacles in the form of a lack of awareness of borrowers in making payments on time. In the livestock business unit, limitations lie in the lack of understanding of market demand, making it difficult for farmers to adjust production to consumer needs. Meanwhile, in the culinary market unit, the community lacks awareness in maintaining the culinary market environment, such as there are still many people who litter the culinary market area. So that this causes the culinary market business unit to look less neat and reduce the interest of buyers. Thus, these factors hinder Village-Owned Enterprises in their efforts to optimally empower the community economy.

Conclusion

Wonoasri’s strategy through the Dana Asri Sejahtera Village-Owned Enterprise program has been running well, realized through the development of three types of business fields, namely: 1) savings and loan business, 2) culinary market business, and 3) livestock business. This success is supported by supporting factors such as adequate capital and infrastructure. Nevertheless, there are obstacles in the form of limited human resources in Wonoasri Village. It is hoped that in the future, the Wonoasri Village government can develop a community economic empowerment training program conducted by the Village Government to increase awareness and capacity of human resources so that the Dana Asri Sejahtera Village-Owned Enterprise can continue to play a role in empowering the economy of the people of Wonoasri Village more effectively.

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