Business Feasibility Aspects of Village-Owned Enterprises in Indonesia

Darmawan

Faculty of Economics and Business Islam, Universitas Islam Negeri Sunan Kalijaga Yogyakarta, Indonesia

darmawan@uin-suka.ac.id

Abstract

This research is the first in an effort to find out the Business Feasibility Aspects of Village-Owned Enterprises (BUM Desa) in Indonesia. This research is very important because the Village Fund of IDR 329 trillion over the last five years has not been able to be maximally utilized by BUM Desa. There are 2,188 BUM Desa not operating and 1,670 BUM Desa that are running but have not yet contributed optimally to driving the village economy. BUM Desa must be revitalized, improving the performance of BUM Desa is important and urgent because Village Funds continue to increase every year. In 2020, the government allocates a budget of IDR 72 trillion. This study seeks the Business Feasibility Aspects of Village-Owned Enterprises (BUM Desa) by using questionnaires and direct field observations throughout Indonesia with a sample expected to represent Java and Outside Java. It was found that there are five aspects that can measure the feasibility of a business in the BUM Desa business unit: Market and Marketing Aspects; Management and Human Resources Aspects; Financial aspect; Business Environment Aspect; and Legal Aspects. The main problem of BUM Desa is in the financial aspect (76,56%) and the aspect of the business environment (73,29%). Meanwhile, the Market and Marketing Aspects; Management and HR Aspects; Legal Aspect have a feasibility score of above 80%. The business feasibility of BUM Desa in Java is better than outside Java. The social and financial business type has a lower feasibility level than other types of business.

Keywords: Village-Owned Enterprises; Business Feasibility.

**Background**

The growth of village funds which is increasingly being budgeted every year gives great attention to stakeholders in the country of Indonesia. The growth of village funds is expected to be a tool for accelerating development in the village. The large village fund has become the foundation of hopes for economic improvement in villages that are spread throughout Indonesia (Cahyono & al, 2020). Village-owned enterprises are one of the important instruments in the management of village funds for the benefit of improving the economy of rural communities (Yulianto, 2019). In article 1 point 4 of the Minister of Home Affairs Regulation Number 39 of 2010 concerning Village-Owned Enterprises, the Definition of Village-Owned Enterprises, hereinafter referred to as BUM Desa (Badan Usaha Milik Desa), is a village business established / established by the village government whose capital ownership and management are carried out by the village government and Public. The establishment of BUM Desa is based on Law no. 32 of 2004 jo. UU no. 23 of 2014 concerning Regional Government, Law no. 6 of 2014 concerning Villages and PP. 72 of 2005 concerning the Village. In Law no. 32 of 2004 in conjunction with Law no. 23 of 2014 concerning Local Government in Article 213 paragraph (1) states that, villages can establish village-owned enterprises according to the needs and potential of the village. However, in its implementation, the use of village funds has not reached the expected target. The Village Fund of Rp. 329 trillion over the past five years has not been maximally utilized by BUM Desa. In a limited meeting about Village Funds at the Palace, Jakarta, Wednesday (11/12/2019), President Joko Widodo said, there were 2,188 BUM Desa not operating and 1,670 BUM Desa running but not optimally contributing to driving the village economy. (Prasetyo, 2019).

In 2020, the government allocates a budget of up to Rp72 trillion. On the other hand, the Ministry of Villages, Development of Disadvantaged Areas and Transmigration in 2021-2022 has a program for the transformation of the Activity Management Unit (Unit Pengelola Kegiatan/ UPK), the former National Community Empowerment Program (Program Nasional Pemberdayaan Masyarakat/ PNPM) Mandiri in Rural Areas into a Village Financial Institution (Lembaga Keuangan Desa/ LKD) capable of being a solution to the economic problems of rural communities. The UPK ex-PNPM currently stands at around 5,300, while the total amount of funds that are still revolving within the UPK is IDR 12.7 trillion, with an asset value of IDR 594 billion throughout Indonesia. The LKD as a result of the PNPM UPK transformation can save a revolving fund of IDR 12.7 trillion so that it can be used for the benefit of poor rural residents. When considering the capitalization of additional funds, this will increase the amount of funds to be managed by BUM Desa (Astro, 2020).

Based on the results of the performance examination on the effectiveness of the Development and Supervision of Village Fund Management for Fiscal Years 2015 s.d. Semester I 2018 by the Supreme Audit Agency of the Republic of Indonesia (Badan Pemeriksa Keuangan/ BPK) revealed several problems (Badan Akuntabilitas Keuangan Negara, 2019): The existence of Village-Owned Enterprises (BUM Desa) has not been able to make a significant contribution to the village economy. This is illustrated by: A number of 547 BUM Desa that were established did not pay attention to the economic potential of the Village; A total of 1,462 BUM Desa whose establishment was not supported by a business feasibility analysis; A total of 863 BUM Desa have not been orderly in the administration and financial reporting of BUM Desa; A total of 1,033 BUM Desa did not submit reports, 585 BUM Desa operating management were not yet competent, a total of 2,188 BUM Desa were not yet fully operational, and 1,670 BUM Desa were already operating but had not yet provided profit / income contribution to the village.

The large capitalization of village funds for the development of BUM Desa and the high expectations of BUM Desa in improving the village economy requires a study so that the funds that have been budgeted are not in vain. There are several aspects that must be explored in an effort to understand the various causes of the failure and success of BUM Desa management. The relationship built between the village government and BUM Desa managers in Banyumas Regency has not led to mutually beneficial business relationships. The cause is the inability of the manager to provide added value to the village government. Managers still place themselves as subordinate to the village government, so they do not have the authority to carry out various innovations. Village governments still tend to dominate their role in managing BUM Desa. Business relations that should be based on the spirit of entrepreneurship, business ethics and clarity on the roles of each party have not appeared in the relationship between the village government and BUM Desa managers. (Kurniasih & Wijaya, 2017). In Suka Maju village, Sungai Betung District, Bengkayang Regency, West Kalimantan, it was found, the non-progress of BUM Desa activities that had been launched since the formation of BUM Desa management in 2017 was due to human resource issues where the inadequate capacity of understanding and knowledge about BUM Desa owned by the Village Head and BUM Desa administrators made this program not yet a priority program for the government. Suka Maju village and also a lack of commitment to implement the BUM Desa program so that it has not been able to drive the village economy as expected (Veronica & Vuspitasari, 2020).

On the other hand, about 61% of the villages have BUM Desa which absorbs 1,074,754 people with a turnover of IDR 1.16 trillion per year and a net profit of IDR 121 billion per year. So that it provides an understanding that not all BUM Desa fail, of course Village BUM that is successful must also be considered as material for analyzing the failure and success of a Village BUM. In general it is found in East Java (Fitrianto, 2016), Factors driving the success of BUM Desa: Historical factors in the establishment of BUM Desa. BUM Desa that are successful are BUM Desa that have a long history, not because of generic programs that are only a formality to fulfill government policies. Careful planning since the establishment of BUM DESA, planning inspired by the village economic movement. Management and management factors of BUM Desa are also significant to determine the success of BUM Desa. Good BUM Desa governance and administrators who have an entrepreneurial spirit are the keys to healthy BUM Desa management. Inhibiting factors: The limited scope of BUM Desa businesses that only play in the village scope, because BUM Desa cannot yet be equal to other economic institutions that are legal entities. BUM Desa are often seen as mere social institutions, so there is an opinion that it is not an obligation to repay loans from BUM Desa.

If we refer to the findings of the Supreme Audit Agency (BPK RI) on a number of 1,462 BUM Desa whose establishment is not supported by a business feasibility analysis, then is this the first step to find out how feasible a BUM Desa business is. ? So that this can be used as evidence for the failure and success of the BUM Desa, it is necessary to check whether the efforts made by the BUM Desa are sufficiently feasible? What aspects have driven the failure and success of the BUM Desa business? Is there a difference between BUM Desa in Java and outside Java? So that the next answer can be answered, what can be done so that BUM Desa that will be established or already established will not experience failure?

**Theoritical review**

A feasibility study, also known as a feasibility analysis is a very important step in the entrepreneurial process (Stavros & Estevez, 2018). It is one of the activities carried out before or during the early stages of a project (Mukherjee & Roy, Feasibility Studies and Important Aspect of Project Management, 2017). This study aims to investigate and rationalize the need to start or invest in a project through technical feasibility, business feasibility and how economical the business is. Feasibility studies can also be used when a business intends to change locations, purchase new equipment or software, hire more staff, or acquire a new company or company. It is also useful for assisting in project documentation, business cases and execution plans, determining the required planning permits required, determining other required legal / statutory approvals, analyzing budgets relative to client needs, accessing appropriate issues and maintenance, etc.

A business feasibility study can be carried out to establish a new business or develop an existing business (Kemendes PDTT, 2017). Business Feasibility Study which is carried out in earnest in an appropriate manner will provide benefits, including: The selection of the type of business that can produce the greatest benefit or is most feasible to implement; Minimizing the risk of business failure or preventing losses; Availability of data and information on business feasibility so as to facilitate the preparation of a business plan; Increased ability or skills of villagers in managing economic enterprises in a rational and modern manner; Availability of information on business prospects that can attract villagers and other parties to support business development.

There are several aspects that must be considered when choosing the type of business based on the potential of the village so that it becomes the best solution for problems faced by villagers. The process of selecting village potentials to be developed as a business base can also be aimed at meeting the needs and solving problems of other villagers (Kemendes PDTT, 2017). Market and Marketing Aspects, The process of fulfilling human needs and wants is the basis of the marketing concept (Mulya & al, 2017). Starting from product fulfillment, pricing, shipping goods, and promoting goods / services. Technical and Technological Aspects (Fajarika, 2019), The study of technical and technological aspects is intended to find out whether technically a BUM Desa business unit can be operated and whether the required technology is available. Aspects of Management and Human Resources (Hepeng, 2014), a feasibility study on the aspect of management aims to determine whether the formation and implementation of a business can be planned, implemented and controlled. The human resource feasibility study can be started from planning who will lead the BUM Desa or BUM Desa business unit, the team and analyzing the type of work and its implementers. Apart from technical expertise, an effective team is one that is willing to perform well with high commitment.

Financial Aspects (Nur Sahita, 2018), The study of financial aspects is intended to determine investment plans through the calculation of costs and benefits, such as availability of funds, capital costs, the ability of businesses to repay these funds within a predetermined time and assess the prospects for business sustainability. Economic, Socio-Cultural, Political, and Environmental Aspects ( (Griffiths, Gundry, & Kickul, 2013): One of the main objectives of establishing a BUM Desa business unit is to improve or enhance the village economy; Avoid types of business activities that are not in accordance with local socio-cultural values; Try to get the BUM Desa business activity unit to get political support from various village stakeholders; Establishment of BUM Desa must pay attention to the business environment, especially the issue of similar business competition between companies (between BUM Desa) and with the community; and the business that is carried out must take into account the environmental impact and should not cause disturbance or damage. Legal Aspects (Mukherjee & Roy, Feasibility Studies and Important Aspect of Project Management, 2017), Legal aspect studies are needed to assess the feasibility of the business to be held by BUM Desa. This is done to prevent citizen protests and the closure / suspension of businesses by the government due to violations of the applicable positive laws.

Meanwhile, in this study, business feasibility ideas and instruments will be used to measure whether a business that has been run has a business feasibility to run. This measure of business feasibility will be an evaluation tool that is simple and easy to understand because, logically, the same instrument is used by policy makers in BUM Desa to start a business. So that this measuring tool becomes a fair performance measurement tool in an effort to measure the failure and success aspects of BUM Desa's businesses.

**Research methods**

This research is one type of project evaluation research (Laursen, Svejvig, & Rode, 2017), in this case it aims to find out the aspects of the causes of the success and failure of BUM Desa businesses. The research was conducted using a questionnaire and direct observation at 76 BUM Desa business units consisting of 42 BUM Desa business units in Java and 34 BUM Desa business units outside Java. Furthermore, the questionnaire is processed using Confirmatory Factor analysis techniques to sort out which indicators I build the feasibility aspect (Gallagher & Brown, 2013). Furthermore, in testing the strength of the BUM Desa business feasibility model based on the feasibility aspects that have been tested for validity and reliability. This test aims to ensure that the questionnaire used has indeed measured the feasibility of the BUM Desa business. The questionnaire consists of 8 aspects of business feasibility, each with several question items: 8 question items Market and Marketing Aspects; 8 items of inquiry Technical & Technological Aspects (Production); 6 items HR Management Aspect questions; 6 Financial aspect question items; 6 items of Socio-Cultural Economic and Political Aspects questions; 6 item questions Aspects of Business Environment; 3 items for Environmental Aspects questions; 7 items from Legal Aspects questions.

After being believed to have a good business feasibility model, the data were processed descriptively and quantitatively for every aspect of the feasibility. After conducting an assessment, add up all the scores then calculate the percentage of performance:

$$Business Feasibility Level=\frac{Total Score}{Maximum Score}\%$$

If BFL is ≥ 80%, it can be concluded that the business unit is feasible

If 60% ≤BFL <80%, it is concluded that the business unit is doubtful

If BFL <60%, it is concluded that the business unit is not feasible

**Research results and discussion**

Based on 76 BUM Desa business units that are willing to fill out questionnaires and / or be interviewed, the distribution is based on the following description:

Table 1 BUM Desa Data Distribution

|  |  |  |  |
| --- | --- | --- | --- |
| **Indicator** | **Sub Indicator** | **% Amount**  | **Information** |
| Type of business | Social business | 17 | (Regulation of the Minister of DesPDTT No. 4, 2015 article 19) Village drinking water; Village electricity business; food storage; and local resources and other appropriate technology. |
|   | Rental business | 12 | (Regulation of the Minister of DesPDTT No. 4, 2015 article 20) Transportation; party utensils; meeting hall; shophouse; land owned by BUM Desa; and other rental items. |
|   | Intermediary business  | 11 | (Regulation of the Minister of DesPDTT No. 4, 2015 article 21) Electricity payment services; Village market to market products produced by the community; and other services. |
|   | Producing and / or trading | 43 | (Regulation of the Minister of DesPDTT No. 4, 2015 article 22) Ice factory; agricultural product; agricultural production facilities; ex-mining wells; and other productive business activities. |
|   | Financial business | 17 |  - |
|   | Joint ventures | 0 |  - |
| Business Location | Java Island | 55 |  - |
| Outside of Java Island | 45 |  - |

This distribution data shows that labor-intensive business units, involving more people, have a high percentage, 43%. This has shown an encouraging number and is in accordance with the goals and expectations of the initial establishment of BUM Desa (Wulandari & Utami, 2020; Bahri, 2018). But what is interesting is the small percentage of the number of financial business units. Even though BUM Desa is also expected to free or reduce the number of people involved in moneylenders (Wijaya, Lathif, & Handoyo DP, 2020). This could also be caused by the existence of savings and loan cooperatives that have already existed in rural areas. Some savings and loan cooperatives still maintain their stand alone outside the BUM Desa (Murwadji, Rahardjo, & Hasna, 2017). The community's consideration is because the results of the cooperative's business can be directly felt by members, while in BUM Desa, of course there are business considerations in using operating profits. Efforts and strategic considerations are needed to integrate savings and loan cooperatives into BUM Desa. It can also be seen that the number of business units on the island of Java and outside the island of Java that is the respondent has relatively the same number of comparisons (55-45%), with this comparison the results of the study can be generalized for the two regions.

Based on the factor analysis, it is found that valid indicators in measuring the feasibility level of the BUM Desa business unit are:

Table 2 Aspects and Indicators of CFA Results

|  |  |  |
| --- | --- | --- |
| **No** | **Code** | **Indicator** |
| A |  | **Market and Marketing Aspects** |
| 1 | X.1.1 | Society / consumers really need and want a product that will be produced and will continue to need it for a long time |
| 2 | X.1.2 | Consumers have the ability to buy (purchasing power) and are willing to buy the products offered |
| 3 | X.1.3 | The number of consumers is large |
| 4 | X.1.4 | Consumer demand for the products offered tends to increase in the future |
| 5 | X.1.6 | The price offered can be accepted by consumers |
| 6 | X.1.7 | The goods and / or services offered are easily available to consumers |
| 7 | X.1.8 | Consumers easily get information about the goods / services offered |
| B |  | **Management and Human Resources Aspects** |
| 1 | X.3.1 | BUM Desa business development can be planned well |
| 2 | X.3.3 | The business that will be managed by BUM Desa is led by leaders who have a leadership spirit and staff / employees who have dedication (loyalty) to the organization |
| 3 | X.3.4 | The functions of controlling and supervising businesses that will be managed by BUM Desa are running well |
| 4 | X.3.5 | The businesses that will be managed by BUM Desa are supported by skilled and competent people to manage business activities |
| 5 | X.3.6 | All BUM Desa management personnel (Administrators, Supervisory Bodies, Sections, and staff) can work together |
| C |  | **Financial aspect** |
| 1 | X.4.1 | The amount of funds required for initial investment and working capital in this business can be calculated easily |
| 2 | X.4.5 | This business has enough money to pay bills or finance business activities, because the money it earns is more than the money spent |
| 3 | X.4.6 | Capital issued for this business will return within a specified time (return on investment) |
| D |  | **Aspects of Business Environment** |
| 1 | X.6.1 | There are no new business actors who enter the village and threaten the sustainability of this BUM Desa business |
| 2 | X.6.2 | There is no tough competition in the business being run |
| 3 | X.6.3 | There is no threat from substitute products for BUM Desa businesses |
| 4 | X.6.4 | The bargaining power of buyers is low |
| 5 | X.6.5 | The bargaining power of suppliers is low |
| 6 | X.6.6 | The influence of the interests of other groups (owners of capital, other business actors, etc.) in society on this business is low |
| E |  | **Legal Aspects** |
| 1 | X.8.1 | The business plan that will be carried out by BUM Desa is in line with the village economic development plan (RPJMDes) |
| 2 | X.8.3 | The legal entity form of business activity is easy to maintain |
| 3 | X.8.4 | It is easy to get a license for the type of business to be run because it does not conflict with existing regulations |

*Source: Amos output Standardized Regression Weights*

So it can be concluded that there are 5 aspects that can be used as a measuring tool for the feasibility of a Village BUM: Market and Marketing Aspects; Management and Human Resources Aspects; Financial aspect; Business Environment Aspect; and Legal Aspects. The CFA model used a standardized factor weighting coefficient that was all significant (P-value <0.05) with all standardized estimates> 0.50. And the construct reliability gives an estimated value> 0.70. Aspects and indicators that do not meet the criteria for a congeneric measurement model are then excluded from the analysis and discussion (Prudon, 2015). By using these 5 aspects and indicators, it was found that:

Table 3 Feasibility Level of Village-Owned Enterprise Business Unit Based on its Feasibility Aspects

|  |  |  |
| --- | --- | --- |
| **Business Feasibility Aspects** | **Business Feasibility Level** | **Information** |
| **Average** | **Level** |
| Market and Marketing Aspects | 83,91 | Feasible |  - |
| HR Management Aspects | 80,26 | Feasible | There are two doubtful indicators |
| Financial aspect | 76,58 | Doubtful | There is no single feasible indicator |
| Aspects of Business Environment | 73,29 | Doubtful | There is no single feasible indicator |
| Legal Aspects | 86,32 | Feasible |  - |

*Source: Data processing*

Based on these results it is known that in HR Management Aspects there are two indicators that qualify as doubtful: The functions of controlling and supervising businesses that will be managed by BUM Desa are running well; and The businesses that will be managed by BUM Desa are supported by skilled and competent people to manage business activities. Whereas in the Financial Aspects and Aspects of Business Environment, there is no single feasible indicator. On Financial aspect: The amount of funds required for initial investment and working capital in this business can be calculated easily; This business has enough money to pay bills or finance business activities, because the money it earns is more than the money spent; Capital issued for this business will return within a specified time (return on investment). In Aspects of Business Environment: There are no new business actors who enter the village and threaten the sustainability of this BUM Desa business; There is no tough competition in the business being run; There is no threat from substitute products for BUM Desa businesses; The bargaining power of buyers is low; The bargaining power of suppliers is low; The influence of the interests of other groups (owners of capital, other business actors, etc.) in society on this business is low.

On HR Management Aspects, an indicator of The functions of controlling and supervising businesses that will be managed by BUM Desa are running well has a doubtful level of feasibility indicating that: there are problems in management control and supervision. In BUM Desa there are two control and supervision activities, first internal and second external. In the internal organization, control and supervision includes: control and supervision of BUM Desa staff by managers and directors, secondly, management of BUM Desa business units by Village Heads and Supervisors. In accordance with Permendes No. 4 of 2015 article 11, the Advisor is held ex officio by the Village Head. The advisor is obliged to: a. provide advice to Operational Implementers in implementing BUM Desa management; b. provide suggestions and opinions on issues deemed important for the management of BUM Desa; and c. controlling the implementation of BUM Desa management activities. Advisor is authorized: a. ask for an explanation from the Operational Executor regarding problems related to Village business management; and b. protect Village businesses against things that can reduce the performance of BUM Desa. Supervisors, in accordance with Permendes No.4 of 2015 article 14, have the obligation to hold a General Meeting to discuss the performance of BUM Desa at least once a year. Furthermore, the Village Consultative Body (Badan Permusyawaratan Desa/ BPD) supervises the performance of the Village Government in fostering the management of BUM Desa. The Village Government is responsible for the guidance of the BUM Desa to BPD which is conveyed through the Village Deliberation (Permendes No. 4 of 2015 article 31). Externally, in the framework of fostering and supervising BUM Desa, the Minister establishes norms, standards, procedures and criteria for BUM Desa. The governor conducts outreach, technical guidance on standards, procedures and management criteria as well as facilitates accelerated capital development and development of BUM Desa management in the province. Meanwhile, the Regent / Mayor carries out coaching, monitoring and evaluation of the management and human resource development of BUM Desa managers (Permendes No. 4 of 2015 article 32). So it is worth investigating further on which supervision results in the feasibility level of BUM Desa from the control and supervision side having a doubtful feasibility level. There are two policies that can be taken, firstly by conducting training in control and supervisory management for village heads and the supervisory board so that these two organs can be maximized in carrying out control and supervisory functions. Whereas secondly, to strengthen the function of guidance and supervision by external parties, the village ministry should issue instructions for implementing the guidance and supervision functions of this BUM Desa external party. At the same time, the village ministry must also create an evaluation model for the guidance, control and supervision of BUM Desa governance. So that all stakeholders have clear directions and guidelines in carrying out their duties.

The indicator of the businesses that will be managed by BUM Desa are supported by skilled and competent people to manage business activities, showing the level of doubtful feasibility, meaning that there are problems in the expertise and competence of BUM Desa managers. There are several possible policy alternatives that can be taken, first by providing managerial training for BUM Desa managers. Second, it can be done by recruiting employees with better competencies. But for the pilot BUM Desa (which is newly established), this will certainly be burdensome for the budget because it has to provide a number of funds for the salaries of these competent employees. On the other hand, the reality shows that many villagers continue to higher education but very few decide to return to their villages to develop villages. Most of these young educated people decide to work in cities because they provide more livelihoods and a better future.

On the Financial Aspects and the Aspects of Business Environment, when all indicators show the financial aspects and business environment are in doubtful levels is certainly cause for concern. The village funds that are set aside to become the capital of BUM Desa are very large. Of course it will be very dangerous if BUM Desa stakeholders do not have sufficient understanding, expertise and competence to manage funds. Training in financial management is crucial if you look at the results of this study for each indicator. Likewise with the ability of BUM Desa managers to understand the business environment. Understanding the business environment in today's increasingly strong competition requires good knowledge from the managers of BUM Desa so that the choice of business units taken has the ability to survive long term.

Training and development of BUM Desa based on the level of development of BUM Desa is divided into 3 clusters: Types of training needs for cluster 1 (Startup BUM Desa): Preparatory training for establishing BUM Desa; Forming a formulating team (BPD, community leaders and village entrepreneurs); Village-owned enterprises (AD / ART); Vision and mission of BUM Desa; Objective requirements as management of BUM Desa. Types of training needs for cluster 2 (Developing BUM Desa): Cost analysis; Business feasibility study; Village BUM accounting and reporting system; Business Unit Development; Development of a Business Unit with a legal entity (PT or CV). Types of training needs for cluster 3 (Advanced BUM Desa): Advanced business unit development; Advanced accounting; Making a letter / report of responsibility (Surat/ Laporan Pertanggungan Jawab SPJ); Filing of documents; Village BUM business diversification; Sharpening a profitable business.

Table 4 Business Feasibility Level Based on Business Location

|  |  |  |  |
| --- | --- | --- | --- |
| **Business Feasibility Level** | **Java** | **Outside Java** | **Total** |
| Feasible | 28 | 12 | 40 |
| Doubtful | 11 | 22 | 33 |
| Not Feasible | 3 | 0 | 3 |

*Source: Data processing*

Based on table 4, it can be seen that there is a feasibility gap between BUM Desa business units in Java and outside Java. In Java, there are more feasible business units than doubtful business units, but there are business units that are not feasible. Meanwhile, outside Java, there are more business units that are doubtful than feasible, but that none of them are not feasible. This shows that there must be greater attention from the central government so that the development of BUM Desa businesses outside Java can be better. You can do the process of business assistance, training and capital. This is in the interest of the central government because it will assist the government in reducing economic disparities between Java and outside Java.

Table 5 Business Feasibility Level Based on Business Type

|  |  |  |  |
| --- | --- | --- | --- |
| **Type of business** | **Feasible** | **Doubtful** | **Not Feasible** |
| Social business | 6 | 7 | 0 |
| Rental business | 5 | 3 | 1 |
| Brokering | 6 | 2 | 0 |
| Producing and / or trading | 17 | 14 | 2 |
| Financial business | 6 | 7 | 0 |
| Total | 40 | 33 | 3 |

*Source: Data processing*

If you pay attention to table 5, it can be seen that in social and financial business the doubtful feasibility level is more than the feasible level. In general, it can be seen that although the feasible level is more than the doubtful level based on the type of business, the ratio is small. It can be said that the number of business units based on the type has a balanced amount between feasible and doubtful.

**Conclusions and suggestions**

There are five aspects that can measure the feasibility of a business in the BUM Desa business unit: Market and Marketing Aspects; Management and Human Resources Aspects; Financial aspect; Business Environment Aspect; and Legal Aspects. The main problem of BUM Desa is in the financial aspect (76,56%) and the aspect of the business environment (73,29%). Meanwhile, the Market and Marketing Aspects; Management and HR Aspects; Legal Aspect have a feasibility score of above 80%. The business feasibility of BUM Desa in Java is better than outside Java. The social and financial business type of BUM Desa has a lower feasibility level than other types of business.

For the consideration that has been given, for the future development of BUM Desa, several internal and external policies are needed: including training, mentoring, supervision and capital assistance. The training policy should not only be an initiative of BUM Desa managers but also be initiated by a higher government. As for the control and supervision process, there must be implementation and evaluation guidelines that can serve as guidelines and measure the progress of the BUM Desa.

# **References**

Anwar, E. (2019). *Dinamika Tata Kelola Badan Usaha Milik Desa Sebagai Upaya Peningkatan Daya Saing Desa di Kabupaten Banyuwangi.* Jember: Universitas Negeri Jember.

Arif, S. (2020). *Backward Mapping Dalam Implementasi Kebijakan Badan Usaha Milik Desa Di Desa Ngembung Kecamatan Cerme Kabupaten Gresik.* Surabaya: Universitas Airlangga.

Astro, M. (2020, October 21). *Antara*. Retrieved from Antaranews.com: https://www.antaranews.com/berita/1795985/kemendes-pdtt-transformasi-upk-eks-pnpm-jadi-lembaga-keuangan-desa

Badan Akuntabilitas Keuangan Negara. (2019). *Efektifitas Pembinaan & Pengawasan Pengelolaan Dana Desa: Berdasarkan IHPS II Tahun 2018.* Jakarta: Setjen dan BK DPR RI.

Bahri, S. M. (2018). Analisis Pembentukan Badan Usaha Milik Desa (BumDesa) Di Kabupaten Luwu Timur. *Government: Jurnal Ilmu Pemerintahan*, 9-18.

Cahyono, H., & al, e. (2020). *Pengelolaan Dana Desa: Studi dari sisi demokrasi dan kapasitas pemerintahan desa.* Jakarta: LIPI Press.

Fajarika, D. e. (2019). Feasibility Study of Shallot Production in Financial Aspect in Central Lampung (Case study : Kota Gajah). *Journal of Science and Applicative Technology*, 26 - 34.

Fitrianto, H. (2016). Institutional Revitalization of Bumdes In Efforts to Increase Independence and Village Resilience in East Java. *Jejaring Administrasi Publik*, 915-926.

Gallagher, M., & Brown, T. (2013). Introduction to Confirmatory Factor Analysis and Structural Equation Modeling. In T. T., *Handbook of Quantitative Methods for Educational Research* (pp. 289-314). Rotterdam: SensePublishers.

Griffiths, M., Gundry, L., & Kickul, J. (2013). The socio-political, economic, and cultural determinants of social entrepreneurship activity: An empirical examination. *Journal of Small Business and Enterprise Development*, 341-357.

Hepeng. (2014). Small and Medium-Sized Enterprise Human Resources Management Outsourcing Feasibility Study in China. *International Journal of Business and Social Science*, 179-184.

Kemendes PDTT. (2017). *Pengelolaan BUM Desa.* Jakarta: Badan Penelitian Dan Pengembangan, Pendidikan Dan Pelatihan Dan Informasi, Kemendes PDTT.

Kurniasih, D., & Wijaya, S. S. (2017). Kegagalan Bisnis Pemerintah Desa: Studi Tentang Relasi Bisnis-Pemerintah Pada Pengelolaan Badan Usaha Milik Desa Di Kabupaten Banyumas. *JPSI (Journal of Public Sector Innovations)*, 66-72.

Laursen, M., Svejvig, P., & Rode, A. (2017). Four Approaches to Project Evaluation. *The 24th Nordic Academy of Management Conference (NFF-2017).* Bodø, Norway: Nordic Academy of Management.

Mukherjee, M., & Roy, S. (2017). Feasibility Studies and Important Aspect of Project Management. *International Journal of Advanced Engineering and Management*, 98-100.

Mulya, A. S., & al, e. (2017). Feasibility Analysis Of Business: Case Study In Indonesia Minimarket. *International Journal of Pure and Applied Mathematics*, 915-929.

Murwadji, T., Rahardjo, D. S., & Hasna. (2017). Bumdes Sebagai Badan Hukum Alternatif Dalam Pengembangan Perkoperasian Indonesia. *Acta Diurnal*, 1-18.

Nur Sahita, A. (2018). Feasibility Study Of Religion Tourism Business For The Young People. *Trikonomika*, 20-27.

Prasetyo, B. (2019, Desember 11). *Antara*. Retrieved from Antaranews.com: https://www.antaranews.com/berita/1204095/jokowi-perintahkan-revitalisasi-bumdes

Prudon, P. (2015). Confirmatory Factor Analysis as a Tool in Research Using Questionnaires: A Critique. *Comprehensive Psychology*, 1-18.

Stavros, A., & Estevez, L. (2018). Feasibility Analysis and Study. In M. Sotiriadis, *The Emerald Handbook of Entrepreneurship in Tourism, Travel and Hospitality* (pp. 109-129). Emerald Publishing Limited.

Veronica, S., & Vuspitasari, B. K. (2020). Analisa Kemacetan Program BUMDes Suka Maju. *JPSI (Journal of Public Sector Innovations)*, 1-5.

Wijaya, M. M., Lathif, N., & Handoyo DP, S. (2020). Legal Aspects of the Establishment of Village Regulations on Empowerment of Bumdes According to Law Number 6 of 2014 Concerning Village. *International Journal of Multicultural and Multireligious Understanding (IJMMU)*, 564-575.

Wulandari, N., & Utami, I. (2020). Eksplorasi Mekanisme Pertanggungjawaban Badan Usaha Milik Desa. *JEMAP: Jurnal Ekonomi, Manajemen, Akuntansi, dan Perpajakan* , 116-139.

Yulianto, e. a. (2019). *BUMDesa Pilar Kekuatan Indonesia: Bunga rampai pemikiran dan Praktik pembangunan desa.* Jakarta: Prasetiya Mulya Publishing.