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The Intensity of Village-Owned Enterprises in Village Community Welfare

Alwin Teniro*, Zainudin, Yuli Santri isma, Hajar Ashwad, Basyirah
Universitas Gajah Putih
*Correspondence: alwin@ugp.ac,id

Abstract*. The problem to be resolved in this study is whether BUMK Subur Makmur as a working capital lender plays a role in moderating the impact of family income on community welfare. The aim is to analyze the role of BUMK in improving the welfare of the local community. Descriptive methods were used in this study, where primary and squander data were collected by direct observation and questionnaires, then the data was processed and presented in the form of tables/graphs, then analyzed with Moderated Regression Analysis (MRA). The results of the study found that the effect of working capital on community welfare without interaction variables is not significant, as well as the influence of interaction variables on community welfare is not significant, meaning that working capital does not moderate the effect of disposable income on community welfare, therefore the role of BUMK Subur Makmur has not been able to strengthen the influence of disposable income on improving the welfare of local communities.*

Keywords*: working capital, disposable income, community welfare*

PENDAHULUAN

With the authority of villages to establish Village BUM and supported by the issuance of Law of the Republic of Indonesia Number 6 of 2014 concerning Villages, the growth of Village BUM in Indonesia has increased every year, at the end of 2014 there were only 1,022 Village BUM then increased dramatically until the end of 2017 to 32,249 Village BUM (Ministry of Villages, Development of Disadvantaged Regions, and Transmigration, 2017) (Kusnadi, 2015). This drastic increase in the number of Village BUM is expected to affect the improvement of the welfare of rural communities, although in reality there are still many problems, including the type of business that is still limited, limited human resources that manage Village BUM and low community participation due to their low knowledge (Agunggunanto et al., 2016), (Filya, 2017), Communication between management, business unit management, personnel problems, and untapped village potential (Nugraha &; Kismartini, 2019). The profit obtained is still very small so it has not been able to contribute to the Original Village Income (Filya, 2017); (Safinatunnajah et al., 2020).

Village-Owned Enterprises, hereinafter referred to as Village BUM are legal entities established by villages and/or together with villages to manage businesses, utilize assets, develop investment and productivity, provide services, and/or provide other types of businesses for the maximum welfare of rural communities (Government Regulation of the Republic of Indonesia Number 11 of 2021 concerning Village-Owned Enterprises). Thus, BUM Desa is expected to play a role in improving the welfare of rural communities, with the spirit of kinship and cooperation with the principles of: professional, open and responsible, participatory, prioritizing local resources, and sustainable. As an indicator of the role of Village BUM (No, 43 C.E.); (Hailudin, 2021), can be seen from the development and development of the economic potential and ability of rural communities in general to improve social welfare; play an active role in efforts to improve the quality of human life and society; strengthening the people's economy as the basis for the strength and resilience of the national economy with Village BUM as the foundation; strive to realize and develop the economy of rural communities; Helping the community to increase income and prosperity of the community. Further Ramadana (2013) emphasized that Village BUM is an instrument of local economic utilization with various types of potential. The utilization of this potential mainly aims to improve the economic welfare of villagers through the development of their economic businesses. In addition, the existence of BUMDes also contributes to increasing the village's source of income which allows the village to be able to carry out development and improve people's welfare optimally.

The presence of Village BUM is expected to improve the welfare of rural communities, and one of the efforts generally made by Village BUMK, such as BUMK Subur Makmur is to provide working capital loans to local communities to help produce business capital. BUMK Subur Makmur was established on December 24, 2016, in Paya Dedep Village, Jagong Jeget District, Central Aceh Regency. Since its establishment, BUMK Subur Makmur has carried out working capital loan distribution activities to local communities (individuals/households), with a minimum loan principal of IDR 1,000,000 and a maximum of IDR 5,000,000. Shari'ah-based loan system with a margin of 1% per month; One-time purchase price installments within six months. The purpose of this capital loan distribution is to strengthen rural communities as subjects of development, namely helping productive business capital pursued by the community, with the hope that the capital loan will be able to increase their household income and the economic welfare of their families (communities). In this case, BUMK Subur Makmur plays a role in helping working capital to strengthen the impact of family income on the welfare of the local community. For this reason, the problem in this study is whether BUMK Subur Makmur as a working capital lender plays a role in moderating the impact of family income on community welfare.

Credit is the borrowing of money or many funds agreed upon between the borrower and the lending party by agreeing. The agreement includes the principal, payment, term, and interest of the loan (Suyatno, 1988); (Raffles, 2011). Credit is distributed in several types, one of which is based on the purpose of its use, working capital credit is used to meet customers' working capital needs such as buying raw materials (Triandaru & Budisantoso, 2006). Then Karim (2013) stated that working capital credit is short-term financing provided to companies to finance their business working capital needs based on sharia principles. The working capital financing period is a maximum of one year and can be extended as needed.

Thus, working capital credit is given to individuals or business entities to use funds to increase business working capital. This credit is classified as a short-term credit to help people who need business capital and generally has requirements that are easier and faster to obtain. Working capital loans can be channeled by both banking and non-bank financial institutions. In its development to date, the distribution of funds of non-bank financial institutions to work capital and consumption is no less intensive than investment purposes. Therefore, it can be said that financial institutions, both banks and non-bank financial institutions, can actively participate in the community by providing justice distribution (Iswandi, 2021); (Wiwoho, 2014). Kurniawan & Fachri (2023) One of the non-bank financial institutions that are allowed to disburse working capital loans at this time is BUM Desa, to realize and accelerate general welfare, and advancing the economy of rural communities.

METHODS

The method used in this study is a descriptive method or commonly known as the survey method, because this research seeks to explain relationships, test hypotheses, make predictions, and get the meaning and implications of a problem to be solved (Nazir-Ali, 1983). The data needed in this study consisted of squandered data and primary data. Both types of data were collected through field research, where squander data were collected from BUMK Subur Makmur by direct observation method, while primary data was collected through questionnaires from respondents, namely from community beneficiaries of working capital loans distributed by the BUMK. The method used in this study is a quantitative data analysis method, where squander data and primary data that have been collected from the field will be processed and presented in tabulation or graphic form, then the data is analyzed with *Moderated Regression Analysis (MRA)*, with a moderator relationship model, namely three research variables to be analyzed(Hartmann & Moers, 1999) namely: (1) working capital (MK), which is the difference between the amount of principal received by the community from BUMK Subur Makmur and the loan services (interest) that must be paid by the community. This variable is hypothesized as a moderator variable; (2) disposable income (PD), which is income that is ready to be spent by the community for household consumption expenditures, comes from basic, sideline, and other businesses. This variable is an independent variable; and (3) community welfare (KM), is a condition where a person can meet basic needs, both food and non-food needs, with indicators of

food and non-food consumption expenditures. This variable is a dependent variable.

RESULTS

Table 1
Results of Estimation and Regression Test of Disposable Income on Community Welfare

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	247014,988	460930,204		,536	,596
	Disposable Income (Rp/Bluan)	,649	,146	,643	4,437	,000

source: processed data

Progressing disposable income (PD) and working capital (MK) to community welfare (KM), namely: $KM = \alpha + \beta_1 PD + \beta_2 MK + e$ The results can be seen in the table below:

Table 2
Estimation and Regression Test of Disposable Income, Working Capital to Community Welfare

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	299249,946	582410,309		,514	,612
	Disposable Income (Rp/Bluan)	,654	,153	,647	4,289	,000
	Working Capital (Rp)	-,018	,118	-,023	-,151	,881

source: processed data

Progressing free variables: disposable income (PD) and moderator variables: working capital (MK) and interaction variables (PD.MK) to the dependent variable: community welfare (KM), namely: KM = α + β_1PD + β_2MK + β_3PD.MK + e obtained the following results:

Table 3
Results of Estimation and Regression Test of Disposable Income, Working Capital, and interaction variables on variables bound to Community Welfare

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1230839,104	2353552,608		,523	,605
	Disposable Income (Rp/Month)	,308	,860	,305	,358	,723
	Working Capital (Rp)	-,248	,575	-,318	-,431	,670
	PD.MK	8,468E-8	,000	,501	,409	,686

source: processed data

Table 1 shows that the disposable income (PD) regression coefficient is 0.649 where the Sig. value is 0.000 < 0.05. This means that there is a positive and significant influence of disposable income (PD) on community welfare (KM). Then Table 2 obtained the working capital regression coefficient (MK) of -0.018 with a value of Sig. 0.881 > 0.05 which means that working capital (MK) has a negative and insignificant effect on public welfare (KM). Furthermore, Table: 3 obtained the regression coefficient of the Interaction variable (PD.MK) of 0.000000008468 or 8.468E-8 with a value of Sig. 0.686 > 0.05, then the Interaction variable (PD.MK) has a positive but not significant effect on community welfare (KM). Thus the effect of working capital on public welfare without interaction variables is not significant, likewise, the influence of interaction variables on community welfare is not significant, therefore it can be concluded that working capital does not moderate the effect of disposable income on public welfare. The role of Village-Owned Enterprises in improving community welfare through lending to the community does not strengthen the effect of disposable income on community welfare, and (Derosari, 2014) states that policies to increase credit and capital assistance are not enough to improve the welfare of farmer households. For this reason, the capital fertilization of BUMK Subur Makmur is needed through community savings activities, because

this capital fertilization occurs when part of the income is saved and reinvested to increase income. Thus, the higher the level of welfare, the higher the economic benefits of BUMDes felt by the community (Izzah & Kolopaking, 2020)

CONCLUSION

That the distribution of working capital loans disbursed by BUMK Subur makmur has not been able to improve the welfare of the local community because the working capital cannot moderate the effect of disposable income on community welfare, where community welfare is more significantly affected by disposable income.

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