

## **BUMDes DEVELOPMENT STRATEGY IN A COLLABORATIVE GOVERNANCE PERSPECTIVE**

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### **ABSTRACT**

Village-Owned Enterprises (BUMDes) are a new approach to efforts to improve the village economy. This business entity formed by the village government is said to be the most implicative and replicative business entity because it replicates the *self-governing community empowerment model*. In Magepanda District, for example, there are 5 BUMDes units with a total initial capital of IDR. 669,000,000, currently in a collapsed condition. Many BUMDes are no longer operating, due to mismanagement, capital difficulties and managerial limitations at the management level of the business entity itself. This research aims to implement a BUMDes development strategy with a Collaborative Governance perspective in a number of BUMDes in Magepanda District. A development strategy with this perspective requires cooperation between the government, private sector and the community in the management and development of BUMDes. This research ultimately resulted in the formulation of a BUMDes development strategy from a collaborative governance perspective which requires cooperation between government, community and private elements in the development of Village-Owned Enterprises by applying the aspects contained in the CGRs typology. . This also serves as a recommendation for village governments and regional governments to implement the strategy in the context of developing BUMDes in the future.

### **KEYWORDS:**

Village-Owned Enterprises (BUMDes), Collaborative Governance, CGRs typology

### **INTRODUCTION**

Since it was first introduced in 2015, villages in Indonesia have become increasingly enthusiastic about establishing Village-Owned Enterprises or called BUMDes. BUMDes was formed on the initiative of the village government and is managed by the village government and village community to strengthen the economy of the local community. BUMDes is built based on the needs and development of village potential. BUMDes is one of the pillars of economic activity in villages which functions as a social institution as well as a commercial institution with the aim of expanding market access, creating a conducive business climate, improving the economy, providing post-harvest infrastructure and providing capital assistance.

Magepanda District has 5 BUMDes out of 8 villages that have BUMDes who started their business with limited capital. The formation of BUMDes begins with capital participation from the village government and is the result of a joint agreement between the community and the village government. Due to limited capital, BUMDes management collaborates with several parties who are willing to work together and provide capital assistance and then participate in managing BUMDes activities. There are several private institutions and government institutions that are actively involved and collaborate with BUMDes management in the form of capital participation and involvement in governance.

Judging from the pattern of cooperation and partnerships that exist between BUMDes and private institutions, they have implemented collaborative governance. Where village-owned business entities are formed with joint initiatives to collaborate with the private sector and also the community in an effort to improve the welfare of the community itself. This paper aims to develop a model for implementing *Collaborative Governance* in rural development through the operationalization of village-owned enterprises by taking a case study of BUMDes in Magepanda District, Sikka Regency.

## RESEARCH METHODS

This research focuses on the formation of CGRs which include the principled engagement aspect, the shared motivation aspect and the capacity for joint action aspect. The concept of *Collaborative Governance* according to Ansell and Gash (2008) is described as a governance arrangement where one or more public institutions directly involve non-government stakeholders in a formal, consensus-oriented, deliberative collective decision-making process aimed at creating and implementing policies, public and managing public programs or assets. Furthermore, Collaborative Governance according to Ansell and Gash (2007: 550-561) consists of four main variables, namely initial conditions, institutional design, leadership and collaborative processes. The observed initial conditions consist of three broad variables: the imbalance of resources or power of different stakeholders, the incentives with which stakeholders must collaborate, and the history of conflict or cooperation between stakeholders. Leadership is widely seen as a critical element in bringing parties to the table and guiding them through difficult collaborative processes. Institutional design here refers to the basic protocols and ground rules for collaboration, which are essential for the procedural legitimacy of collaborative processes. Collaborative governance process models sometimes depict collaboration as developing in stages. According to Ansell and Gash (2007) the collaboration process is not described as a linear stage but as a cyclical process that includes: face-to-face dialogue, trust building, intermediate results.

Meanwhile, Emerson, Kirk, Nabatchi, Balogh (2012: 1-29) defines *Collaborative Governance* broadly as a process and structure of decision making or policy and public management that involves society constructively between public institutions, levels of government, both in the public sector, private and government. civilians to achieve common goals that cannot be resolved individually. In general, implementing *Collaborative Governance* involves common norms and mutually beneficial interactions between governance actors so that the positive goals of each party can be achieved.

The concept presented above refers to a partnership pattern between three important elements, namely, government, society and the private sector. In the context of cooperation in developing BUMDes, the concept put forward by Emerson regarding *Collaborative Governance Regimes* (CGRs) is an ideal concept. This typology is a development of the previous typology based on the results of research with certain cases.

The use of the word *regime* refers to a particular mode or system for making public decisions where cross-border collaboration is a pattern that applies to the behavior and activities of stakeholders or collaborating actors (Emerson, 2015). In general, the concept of *Collaborative Governance Regimes* (CGRs) is a set of principles, rules, norms and decision-making procedures, both implicit and explicit, that bind actors to collaborate in the hope of creating synergy (Emerson, 2015). The typology of CGRs is formed in one of three different ways,

namely that it can start from a situation that is truly independent (*self-initiated*), not dependent on implementation (*independently convened*) or directed by a third party (*externally directed*). The typology of CGRs according to Emerson then narrows down to three dimensional patterns as follows:

**Table 1. Typology of CGRs**

Collaboration dynamics	CGR type		
	Self initiated	Independently convened	Externally directed
Principled engagement (PE)	Internally generated and Grounded in social/relationship processes (PE is somewhat developed at the outlet)	Persuasive and voluntary involvement in collaboration	Constarined or enabled by present terms (PE is less developed at the outlet)
Shared motivation (SM)	Created on common interests (SM is more developed at the outlet)	Created over time through demonstration of good-faith participation (SM is less developed at the outlet)	Contingent on incentives vor mandates (SM is some what developed at the outlet)
Capacity for joint action (CJA)	Leadership is key (CJA is less developed at the outlet)	Knowledge is key (CJA is some what developed at the outlet)	Procedure/institutional arrangement and resources are key (CJA is more developed at the outlet)

## RESULTS AND DISCUSSION

In particular, the *Collaborative Governance Regime typology* is based on formative types or how individuals work together to shape and direct CGRs in response to environmental changes that occur. The CGRs typology influences the composition and dynamics of cooperation between the parties in BUMDes governance as well as determining whether the BUMDes will be successful in running their business. In CGRs, it starts from a *self-initiated* approach pattern, in the form of initiation because of the same mindset to work together. Meanwhile, in *independently controlled conditions*, an autonomous third party invites stakeholders to be involved in the design process for interaction, whereas in the *externally directed typology*, what occurs is that an external entity with sufficient authority or resources provides incentives or mandates for *stakeholders* to work together in a predetermined manner.

The implementation of cooperation in BUMDes governance in Magepanda District has given rise to beneficial cooperation between parties, this can be seen in the data obtained as follows:

**Table 2. Condition Of BUMDes in Magepanda District**

NO	BUMDES NAME	VILLAGE NAME	TOTAL CAPITAL	TYPE OF BUSINESS	THIRD PARTY
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1.	Pelangi Kolisia	Kolisia	125,000,000	Stationary shop, photocopy services	UD MEKAR JAYA
2.	Nusa Kutu	Kolisia B	20,000,000	Drinking water management, agriculture, tourism management	PDAM Mawarani  Tourism Service, POKDARWIS
3.	Magepanda Jaya	Magepanda	50,000,000	Village shop, drinking water depot	UD. Cider delicacy
4.	Done Sare	Done	86,000,000	Mini POM, agricultural shop	Pertamina
5.	Reroroja Mandiri	Reroroja	388,000,000	Savings and loans, stationary shop, drinking water depot, tent rental services	Watergate Cooperative

The application of CGRs in the context of a BUMDes development strategy in Magepanda District in several aspects is in accordance with the concept proposed by Emerson as follows:

1) *Principled engagement* aspects

In CGRs theory, this aspect is initiated or formed through voluntary associations of *stakeholders* who are directly involved with each other based on personal and shared interests. The Village Heads in Magepanda District said that initially each party was directly involved in the activities of establishing BUMDes. This business entity was initially initiated by the village government, in this case the village head and BPD, with the aim of developing potential. Then, driven by the same interests and intentions, several parties showed a willingness to get involved in BUMDes activities.

The Village Heads admitted that initially it was very difficult to involve other parties because institutionally BUMDes had not been declared a business entity, because BUMDes itself was somewhat different in terms of governance. As time progressed and through processes and stages of socialization and lobbying, the parties were finally encouraged to get involved in a form of principled involvement. This involvement certainly brings together the interests of each stakeholder and the general interest. This principled involvement occurred after the BUMDes was formed and ratified with a basic budget and bylaws.

The role of the Village Head is very important in the process of establishing BUMDes. The Village Head is a facilitator to create a process that is able to build space for participation by village residents and stake holders. The process starts from socialization to the formation of BUMDes management. Furthermore, it is the authority of the BUMDes management to propose the concept of the business to be built and developed. As a professional institution, BUMDes must be able to build an independent organizational system to carry out all processes as a business institution. The role of the village head is to encourage the creation of BUMDes as an institution that is able to manage all business processes professionally and ensure that the process runs well.

This is where principled involvement from stakeholders was born. Collaboration involving village government, BUMDes, the community and the private sector must of course be built on the basis of mutually beneficial mutual goals. The involvement of stakeholders, in this

case the Roseani Regional Drinking Water Company, the Water Gate Savings and Loans Cooperative which is felt to be beneficial, includes:

- Can improve relationships or work networks
- Become a starter in the application of technology to society
- Become a forum for realizing innovative ideas

The BUMDes concept is different from other economic empowerment programs. BUMDes requires village community participation in the entire process of establishing BUMDes. BUMDes also implies the need for involvement of private companies as partners but in practice there is no gap in power.

## 2) Shared motivation aspect

Judging from the motivation for the collaboration, it is clear that the aim is to realize innovative ideas that cannot be realized independently by the village government or village-owned enterprises. For this reason, BUMDes feels the need to collaborate with private parties who have relevance and competence in accordance with the objectives of the collaboration. This collaboration is based on clear awareness and engagement between both parties. In this aspect, the informants said that the *stakeholders* were directly involved in formulating strategies and formulating vision and mission for the development of BUMDes in the future.

The informants admitted that they strongly adhere to the principles of mutual trust and understanding and also maintain commitment. This is done because they have a collective goal, namely joint change towards independence based on managing village potential.

In the aspect of *shared motivation*, *Collaborative Governance Regimes* play a key role in creating an effective and sustainable cooperative environment between the various parties involved. *Shared motivation* refers to a shared drive that encourages stakeholders to work together within the framework of *Collaborative Governance Regimes*. In this research, it was found that the involvement of stakeholders in the shared motivation aspect was proven in the following ways:

1. Creation of a Shared Vision : *Collaborative Governance Regimes* help in forming a shared vision or final goal to be achieved by all parties involved. This creates mutual motivation to work towards the desired results. This is proven by the involvement of BUMDes and private sector institutions and the government in formulating common goals in the form of discussion forums and other informal discussions.
2. Trust and Transparency : This pattern encourages trust between stakeholders by emphasizing transparency in information and communication. The trust built through transparency increases motivation to stay involved and contribute. The parties involved admit that they trust each other in the development of BUMDes.
3. Sharing of Profits and Losses : *Collaborative Governance Regimes* recognize that profits and losses will be shared among all stakeholders. This creates shared motivation to achieve results that benefit all parties. In the event that the distribution of business results has been determined and made in a mutual agreement between the parties involved.
4. Stakeholder Empowerment : This pattern encourages the empowerment of stakeholders by giving them an active role in the decision-making process. This increases motivation because they feel like they have a stake in the final outcome.
5. Collaboration in Planning and Implementation : Through *Collaborative Governance Regimes*, the parties involved collaborate in planning and implementing actions. This creates a strong bond between them and drives motivation to achieve successful results.



6. Recognition of Diversity of Stakeholders : This pattern respects the diversity of views and interests of stakeholders. By recognizing these differences, this pattern creates space for shared motivation despite differences of opinion.
7. Constructive Conflict Management : *Collaborative Governance Regimes* teaches how to manage conflict constructively. This helps keep motivation high by overcoming obstacles that may arise.

Overall, the *Collaborative Governance Regimes pattern* plays an important role in building shared motivation among participating stakeholders. By creating a mutually beneficial environment and encouraging cooperation, this pattern helps achieve better and more sustainable results in decision making and problem solving involving various parties.

### 3) Aspects of capacity for joint action

The involvement of the parties in BUMDes is proven by their capital participation and their participation in managing BUMDes activities. This provides advantages for BUMDes management because of the limitations they have in both managerial and capital aspects. In this aspect, they learn from and complement each other because it must be acknowledged that BUMDes administrators do not all understand business and their business instincts are not like practitioners in the business world.

*Collaborative Governance Regimes pattern* in the *capacity for joint action aspect* is fundamental in ensuring effective cooperation and successful results in this partnership.

In an interview, each party acknowledged that in this aspect they could understand and interpret the following things:

1. Shared Understanding of Goals : *Collaborative Governance Regimes* help parties to understand the common goals of this collaboration. With a clear understanding of what is to be achieved, the capacity for joint action is established because all parties have a unified vision.
2. Clear Division of Roles : This pattern encourages a clear division of roles and responsibilities between the village government, BUMDes management and the private sector. This helps avoid overlap and allows each party to focus on areas that match their expertise.
3. Exploration of Common Resources : *Collaborative Governance Regimes* encourage the search and extraction of common resources to support projects or initiatives. Capacity for collective action is enhanced through shared access to necessary resources.
4. Learning and Knowledge Exchange : This pattern encourages the exchange of knowledge and learning between the village government, BUMDes management and the private sector. It builds capacity for collective action by gathering insights from a range of expertise and experiences.
5. Openness and Effective Communication : Openness in communication between all parties is key to building capacity for collective action. Collaborative Governance Regimes encourage open communication, enabling the exchange of information necessary for better decisions.
6. Conflict Resolution : This pattern provides a framework for resolving conflicts that may arise between the village government, BUMDes management, and the private sector. Effective conflict resolution helps maintain the capacity for unimpeded collective action.
7. Joint Measurement and Evaluation : *Collaborative Governance Regimes* encourage joint measurement and evaluation of the progress of a project or initiative. This allows all parties to understand whether the joint actions taken have achieved the desired results.

8. Commitment to a Shared Outcome : This pattern creates a shared commitment to achieving a desired outcome. This strengthens the capacity for collective action because all parties feel involved and have responsibility for the final outcome.

Through *Collaborative Governance Regimes* , the capacity for joint action between village government, BUMDes management and the private sector is increased. This framework provides a strong foundation for sustainable, effective and beneficial collaboration for all parties involved.

## CONCLUSION

The collaborative governance implemented at BUMDes in Magepanda District generally shows a positive trend in BUMDes development. The governance of BUMdes by involving certain parties outside the village government has shown a pattern of mutually beneficial working relationships. In the CGRs typology, it is known that the pattern of cooperation is formed by involving the aspects proposed by Emerson.

Judging from the driving factors, the collaboration carried out is more of an internal drive than an external driver which is then supported by high commitment from all existing village institutional elements. Therefore, both factors contribute to the collaboration process, starting from dialogue between stakeholders, building trust, commitment to the process, shared understanding, and intermediate results that demonstrate the success of the overall process.

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