Community empowerment pattern through village-owned enterprise strategy in the gold mine area of West Sumbawa, Indonesia

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Abstract. Village, as one of the centers of administration that has direct contact with the community, certainly has an individual approach in community empowerment. Community empowerment pattern as an effort to improve socio-economic conditions has been carried out. The purpose of this study is to examine the pattern of community empowerment through village-owned companies in increasing joint ventures in gold mining areas in West Sumbawa. This research uses a qualitative approach. Research subjects from the community are: village heads, manager of BUMDes (Village-Owned Enterprises), and recipients who have direct impact on the program. Data collection uses observation, interviews, and documentation. Data analysis uses data reduction, data disclosure, and conclusions. The results of this study indicate that the patterns of community empowerment through BUMDes are 1) through the pattern of partners, 2) community income, and 3) employment. The presence of the BUMDes program is already running, but it has weaknesses in the field of marketing. Therefore, a sustainable partnership pattern with all parties is required to enable them free from the prolonged poverty.

1. Introduction

Villages are the focal point of development with the widest area where most population of Indonesia live. Various problems in rural life are generally still marked by the level of socioeconomy which is relatively left behind compared to urban areas. Rural development is a strategic problem because it can sustain changes in welfare level and minimize inequality.

The success of village development is mostly determined by programs that are supportive to increase capacity through community empowerment. Tempoh Research Results [1] explain that the empowerment of rural communities is one of the efforts to improve community welfare through several activities including improving community initiatives and self-help, improving the environment and housing, developing village economic enterprises, developing Village Financial Institutions, and events which can elevate the ability of the community to increase their production results.

The economic development of the community through community empowerment involves all stakeholders, especially from institutional parties as program implementers. One effort that can be
done is to drive village economy motion through village entrepreneurship, where village entrepreneurship is a strategy in the development and growth of welfare [2] [3] [4] [5]. This village entrepreneurship can be accommodated in the Village-Owned Enterprises (BUMDes) developed by the government and the village communities [6] [7] [8] [9].

Village-Owned Enterprises (BUMDes) is a business entity whose entire or most of its capital is owned by the village through direct participation derived from village assets which are separated to manage assets, services, and other businesses for the maximum welfare of the village community [10] [11] [12] [13]. The presence of BUMDes as a village economic institution becomes one of the village programs as a means to increase Village Original Income (PADes). The role of BUMDes is as an instrument of strengthening village autonomy and also as an instrument of community welfare. The village administration has the power to develop potentials following the capabilities of the village. Community involvement in the management of BUMDes will be able to encourage the opening of new businesses and can reduce the level of unemployment [14] [15] [16].

As the most critical district in West Nusa Tenggara Province, West Sumbawa Regency has abundant natural resources and ability to utilize this potential to implement regional development, especially in development and provision of basic infrastructure. In addition to these potentials, West Sumbawa Regency has the potential that has not been maximally managed to improve the welfare of the community including agriculture (food crops farming, fisheries, and marine, forestry, plantations, animal husbandry), tourism, industry, trade, transportation.

The potential of West Sumbawa Regency, especially in the villages around the gold mine areas, is very abundant, however, poverty rate in this area is also high (Table 1). The poverty rate is still high, i.e. 22,330 or up to 15.96 percent. This means that a community empowerment pattern to reduce poverty rate in rural areas is required.

| Year | Poor population (people) | Poor population (%) |
|------|--------------------------|---------------------|
| 2012 | 21,724                   | 17.61               |
| 2013 | 21,710                   | 17.1                |
| 2014 | 22,040                   | 16.87               |
| 2015 | 22,500                   | 16.97               |
| 2016 | 22,470                   | 16.5                |
| 2017 | 22,330                   | 15.96               |

Source: Statistic Agency of West Sumbawa Regency

The presence of BUMDes is an alternative in developing the community’s internal potentials to increase household income. The BUMDes programs show an essential contribution in increasing access to financial services at the provincial level as a process of breaking poverty chain and ultimately improve rural economic growth and individual welfare. Based on the explanation above, this study aims to examine a case study of community empowerment patterns through the strategies of village-owned enterprise in the gold mining area of West Sumbawa Indonesia.

2. Method

Data collection in this study was conducted in the villages around a gold mine areas in West Sumbawa Regency. The location of this study represents 3 (three) districts included in the areas around the gold mining are Districts of Jereweh, Maluk, and Sekongkang. Data in this study are colleted from three sources; first, the data extracted from direct observations of the processes of BUMDes management activities; second, the data obtained through informants (resource persons) directly involved in the BUMDes programs; third, the data gathered from information on the villages provided by stakeholders who understand the condition of the community and the implementation of the BUMDes programs and related agencies. Data collection was carried out in this study by using 4 (four) methods, i.e.
observation, interview, recording, and note taking. Data validation was conducted by using source triangulation techniques. While data analysis was conducted using an interactive analysis model that is analyzed with data reduction, data display, and conclusions.

3. Result and Discussion

3.1 Community Empowerment Patterns Through Village-Owned Enterprises

Paragraph 1 of Article 1 of Law Number 11 of 2009 on Social Welfare states that Social Welfare is a condition of fulfilling the material, spiritual and social needs of citizens to be able to live properly and develop themselves so that they can carry out their social functions. Efforts to create social welfare include social rehabilitation, social protection, social empowerment, and social security [17].

The presence of BUMDes in community social empowerment is an alternative to the government policies in improving welfare. In carrying out its programs, BUMDes provides rooms to be free from poverty. Therefore, evaluation as a basis for knowing the level of success of the implemented programs is required. The characteristics of the Village Owned Enterprise programs in the villages located around the gold mining areas in West Sumbawa Regency focused on savings and loans business sector, and the level of business development was low due to the [low] level of Human Resources and the responsibility of the village in utilizing the program in improving community welfare.

BUMDes is a new economic institution in improving the rural economy. This is strengthened by Law No. 6 of 2014 on Villages, which provides a legal umbrella for BUMDes as an economic agent to manage the village's potentials collectively in order to improve the welfare of the villagers [18]. More detail on the presence of BUMDes are found in Government Regulation No. 72 of 2005 regarding Villages, which is broken down into details in the Regulation of the Minister of Home Affairs No. 39 of 2010 regarding Village Owned Enterprises. BUMDes is a village business entity that has a spirit of independence, togetherness, and cooperation between the village administration and the community to develop local assets, provide services, and increase the economy of the village and the community.

BUMDes is needed to support rural community empowerment programs. The strategy of implementing the BUMDes programs focuses on the areas around the gold mine in West Sumbawa Regency, who has community empowerment pattern that is improving the creative economy of the community.

3.2 Partnership Pattern

The pattern of partnership in improving the welfare of the community is a form of cooperative ties based on agreement and mutual need to increase capacity, capability, and ability in a particular field, particular objective in order to get better results. Partnership in managing programs can contribute continuously. The presence of BUMDes in rural communities around the gold mine areas in West Sumbawa Regency is a breakthrough in programs development to provide benefits for the surrounding community. Based on in-depth interviews with AGT (BUMDes manager) in June 10, 2019, it was revealed that BUMDes has been running the programs in partnership with other parties. The programs carried out in our village, apart from the savings and loans program, is selling gasoline and kerosene. Various attempts have been tried but failed mid ways due to various problems encountered in running the program.

Similarly, the in-depth interviews with AGG (BUMDes Manager) carried out in June 15, 2019, found out that the BUMDes has been able to provide direct services for the community by holding a bazaar. This activity certainly requires cooperation with other parties. This program is able to provide convenience in competing with local prices with villages around the mining area. On the other hand, however, there is no partnership in managing economic potentials in order to develop larger-scale partnerships due to limited capital resources in developing community businesses.

Based on the results of the above interviews, it can be concluded that the existence of the BUMDes programs provide the opportunity to partner with other parties in running and supporting economic businesses. The purpose of doing partnerships is to achieve better results so that all parties involved
will get the benefits and no one should suffer any losses or be the cause of others to suffer losses [19]. BUMDes development model in this paper uses adaptation to the 5 (five) pillars of creative economic development that are considered appropriate to be implemented because it involves collaboration between government, financial institutions, and academics. In this model, it consists of the government, namely the village and regency administrations, banks, and academics [20] [21] [22] [23].

3.3 Community income

Development of BUMDes programs in improving the welfare of the community is part of improving the quality of life. BUMDes programs are implemented by empowering the community through provision of reinforcement, ability, knowledge in carrying out existing programs in the village. The BUMDes program in rural communities around the gold mining areas in West Sumbawa Regency can provide benefits to the surrounding communities. Based on in-depth interviews with SWD (Head of Bukit Damai Village) on 15 June 2019, it was stated that the presence of BUMDes in our village brings benefits, especially having direct contributions to the community. In addition to the physical and non-physical programs, the programs are in direct contact with the community. Non-physical programs in the form of providing air tickets. In contrast to the implementation of community empowerment programs initiated by BUMDes, other programs have not been able to be implemented. This is due to lack of human resources and management, as well as limited finance.

In an in-depth interviews with IKH (recipients of the BUMDes Programs) on 15 June 2019 the participants expressed thank to BUMDes as its presence allow them to get additional capital to develop their businesses and to send children to college. These programs can provide opportunities for mothers to open new markets. Based on the interview results, it can be concluded that the presence of the BUMDes programs can increase household productivity and income. BUMDes presence, however, has not been able to provide benefits in improving community welfare. This is due to lack of human resources and unsustainable governance. The synergy between BUMDes managers and the community to actively participate starting from planning, implementation to evaluation to the benefits of the presence of BUMDes in the village [24] [25]. Community economic development is an effort to relocate economic activities in the community to benefit the community and to revitalize the community as well as to improve the quality of life [26] [27].

3.4 Labor absorption

Various efforts to develop the community's economy have been carried out by BUMDes through the opening of several business units, which is also an absolute necessity of the neighborhood (Appendix 1). The programs distribution is still focused more on savings and loans program with sources of funds coming from village funds and village budget funds. Various business programs are managed, among others: market management, management of productive household business units, and other service units. Some of these units open opportunities for the community to get new jobs.

Based on in-depth interviews with MIK (Head of DasanAnyar Village) in June 12, 2019, the presence of BUMDes in carrying out programs through partnerships with various parties certainly absorb local workforce, especially the younger generation. The potential of natural resources derived from coconuts has long existed in our village, but it is still challenging to find markets for the products affecting the sustainability of the business.

Based on the results of the above interviews it can be concluded that the presence of the BUMDes programs has been able to provide an actual construction of the sustainability of the programs, however, the marketing opportunity remains low. The distribution of the BUMDes programs in West Sumbawa Regency can focus more on the savings and loans program compared to other programs. This program is not yet optimal due to the low level of human resources and entrepreneurs and there is requirement for supporting training, to improve the governance of BUMDes in a sustainable manner [28].

This statement is strengthened by Diartha who explains that: (1). Institutional governance is a crucial determinant of business success for each type of BUMDes. This is because each BUMDes business type does not stand alone but has linkages with other factors that significantly affect business
sustainability. This linkage is like a chain, and if the chain is broken, then the efforts made by BUMDes will be affected; (2). The scale and scope of the businesses greatly influence the sustainability of BUMDes. BUMDes that run private companies (serving the needs of the community, such as basic needs, leasing, and hand tractors). BUMDes that operate in local scale and scope generally face low risks, which allow them to operate healthy and sustainable businesses. Of course with the note that the BUMDesa is managed with adequate managerial capacity; (3) BUMDes that grows from social solidarity and local wisdom are far stronger and more sustainable compared to that born from government intervention, because local wisdom that is parallel with social capital wealth and political capital, is a very influential factor on BUMDes durability and sustainability [29].

4. Conclusion
Based on the findings of this study, it is revealed that the pattern of community empowerment through BUMDes programs in improving the welfare of rural communities around the gold mining areas in West Sumbawa Regency has been running but yet to be maximized in implementation. Various empowerment patterns are carried out, namely: 1) through partner patterns, 2) community income, and 3) employment. The BUMDes programs have been running with a weakness in marketing. Therefore, ongoing partnership pattern with all parties is required to be free from prolonged poverty.

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