

ADMINISTRATIVE MANAGEMENT OF VILLAGE ECONOMY THROUGH COMMUNITY BUSINESS LEGALITY AND THE ESTABLISHMENT OF TRANSPARENCY GUIDELINES FOR BUMDES.

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Abstract - Village-owned enterprises, known as *Badan Usaha Milik Desa (BUMDes)*, play a crucial role in enhancing community welfare by optimizing local potential. However, the success of BUMDes relies heavily on effective administrative management, including business legality through a *Nomor Induk Berusaha (NIB)*, or business identification number, as well as transparency guidelines. Particularly in *Sumbersari Village*, BUMDes has been facing challenges in unstructured management, especially in preparing financial reports. Students from KKN team number 114—*Kuliah Kerja Nyata*, a community service program UIN Sunan Kalijaga—contributed to the development and revision of the BUMDes report format, making it easier for village officials and the community to understand. The efforts made included studying the report elements, identifying shortcomings, updating the report format, and socializing the results to BUMDes officials. Furthermore, the program assists village communities in registering NIBs for micro and small businesses, as well as providing marketing assistance through logo design. We expect the program's outcomes to enhance transparency and stimulate the economic growth of *Sumbersari Village*, encompassing both the administrative and community business sectors.

Keywords: *Administrative Management, Business Legality, BUMDes*

1. INTRODUCTION

Village economic development is a fundamental aspect of improving the rural communities' welfare. Village-owned enterprises, commonly referred to as *Badan Usaha Milik Desa* (BUMDes), can support village economic development. The village manages BUMDes as a business entity to optimize local resources and enhance the welfare of the village community.

BUMDes plays a strategic role as the driving force of the village economy. Given its importance, BUMDes management must be transparent. In BUMDes, transparency should include clear financial flows. Thus, the success of BUMDes is highly dependent on effective and transparent administrative management. Ensuring business legality is an important step in administrative management.

The issuance of a business identification number, or *Nomor Induk Berusaha* (NIB), establishes community business legality in Summersari Village. The NIB provides legal certainty and facilitates access to various government facilities and assistance. Furthermore, the establishment of BUMDes transparency guidelines is also critical to ensuring accountability and community participation in village business management.

Students from KKN—*Kuliah Kerja Nyata*, a community service program of UIN Sunan Kalijaga—who were serving in Summersari Village facilitated the NIB registration. The KKN students first identified local residents who owned micro, small, and medium enterprises, or *Usaha Mikro, Kecil, dan Menengah* (UMKM). In addition, ensuring product legality helps meet the requirements for subsequent processes, such as Halal certification, and enhances the quality of market reach.

UMKMs in Summersari Village, Udanawu District, and Blitar Regency have been facing several challenges. First and foremost, they continue to use traditional methods to market their products, and many UMKM operators in this village are not even familiar with the concept of digital marketing or NIB legality. Secondly, UMKMs face challenges related to low capitalization. They struggle to obtain additional capital, both for working capital and investment. According to Samsudin, one of the largest exporters of cow's milk in the village, "The people of Summersari Village are reluctant to start a business with large capital anymore," since they are concerned about high potential risks.

2. METHODS

Our KKN UIN Sunan Kalijaga students employed two methods in this case, taking into account the needs of the village and community in Summersari Village, Udanawu, Blitar. The first method involves qualitative analysis for the NIB, while the second method employs historical-sociological methods for the BUMDes transparency guidelines. The following is an explanation of the two methods:

1. Qualitative Analysis Method

The qualitative analysis method can be utilized in several important steps, as follows:

- a. Research Plan: Determine the purpose of the research and select data collection methods (e.g., in-depth interviews, observations, or document studies).
- b. Data Collection: Gather information from relevant sources. Semi-structured interviews, focus group discussions (FGDs), observation, or document analysis can accomplish this.
- c. Data Transcription: Transforming recorded interviews or observations into written text, ensuring that the data is ready for analysis.
- d. Coding: Organizing data into small units (codes) that identify important themes or concepts. These codes can be deductive (based on existing theory) or inductive (based on the data).
- e. Categorization: Grouping similar codes into larger categories or themes. This helps organize the data and facilitates analysis.
- f. Thematic Analysis: Identifying patterns, themes, and relationships within the categorized data. We then analyze these themes to gain deeper insights into the studied phenomenon.
- g. Data Interpretation: Interpreting themes and patterns within the context of the research questions and existing theory. This process entails explaining the significance of the data and how it supports or challenges initial hypotheses.
- h. Validation and Triangulation: Ensuring the credibility of results by comparing findings with other data or using multiple sources to confirm results (triangulation).
- i. Report: The report presents the financial data of BUMDes in a transparent manner. These steps allow researchers to explore the data in depth and provide a holistic understanding of the phenomenon under study.

2. Historical-sociological Method

Sociologists use this approach to understand social change and the development of society through historical analysis. This method combines sociological principles with historical research methods to explain social phenomena and changes over time.

We implemented the following method in Summersari village:

- a. Historical Data Collection: Involves collecting and analyzing historical documents, archives, and primary sources, such as *Kartu Tanda Penduduk* (KTP), or ID cards, and *Nomor Pokok Wajib Pajak* (NPWP), or taxpayer identification number.
- b. Registering a Business: After collecting the requirements to create an NIB, the requirements are registered at www.badanperizinan.co.id.
- c. Waiting for Business Data Verification: Business data that has been registered on the www.badanperizinan.co.id website and waited for its finalization within 30 minutes.
- d. Printing Ownership Rights: We downloaded files containing verified business ownership rights from the website www.badanperizinan.co.id. We then printed and laminated the file.

3. RESULTS AND DISCUSSION

The results of the method are implemented into two forms of programs, as follows:

A. Community Business Legality through NIB Registration

The registration of NIB was conducted by KKN UIN Sunan Kalijaga students in the village of Summersari. The KKN students first identified local residents who owned micro, small, and medium enterprises, or *Usaha Mikro, Kecil, dan Menengah* (UMKM). The objective of this product legality, such as NIB registration, is to meet requirements of other certification, such as Halal product certification that would help enhance market scope and quality. Moreover, NIB is also crucial as an identification number for business actors, whether individual or non-individual enterprises.¹

UMKMs in Summersari Village, Udanawu District, Blitar Regency, face several challenges. First and foremost, they continue to use traditional methods to market their products, and many UMKM operators in this village are not even familiar with the

¹ Christya Aji Putra and others, 'Pendampingan Pembuatan Nomor Induk Berusaha (NIB) Untuk Pengembangan UMKM Di Kelurahan Tlumpu Melalui Online Single Submission (OSS)', 2.2 (2022), 149-57.

concept of digital marketing or NIB legality. Secondly, UMKMs face challenges related to low capitalization. They struggle to obtain additional capital, both for working capital and investment. According to Samsudin, one of the largest exporters of cow's milk in the village, "The people of Summersari Village are reluctant to start a business with large capital anymore," since they are concerned about high potential risks. In addition, the process of obtaining an NIB for UMKMs through the OSS (Online Single Submission) system is as follows:

a. Administration of UMKMs owners in OSS

In this step, it is necessary to gather information such as the owner's full name, email address, *Nomor Induk Kependudukan* (NIK) or national identity number, phone number, and other details of UMKMs owners for account verification through a link sent to their email. Additionally, information related to business data, such as the UMKMs name, type of business, business address, phone number, and various details about business capital, is required for data entry. b. Issuance of NIB

After all the data is completed and validated, the OSS system will automatically issue the NIB. The NIB functions as a business identity as well as a *Tanda Daftar Perusahaan* (TDP) or company registration certificate, *Angka Pengenal Impor* (API) or importer identification number and *Hak Akses Kepabeanan* or customs access rights (if needed).



Figure 1: The Process of NIB Registration

c. Printing the NIB

The final step in the NIB registration process is downloading the NIB in PDF format and printing it as an official document. By obtaining an NIB, UMKMs gain legal

recognition, making it easier to access financing and participate in government programs legally.

The NIB provides businesses with legality recognized by law, officially registering them and allowing them to operate legally. With an NIB, village businesses can more easily access various funding sources, such as loans from banks or other financial institutions. Business legality through NIB licensing is crucial for UMKMs, as it facilitates access to capital needed for business expansion, allowing them to compete with other businesses.² The NIB is also required for applying to government assistance programs and enables collaboration with private companies that require legal recognition. This indirectly helps build the economy of the Sumpersari Village community.

B. Improvement of BUMDes Transparency Guidelines

There are approximately 3,069 newly established BUMDes in East Java, according to records.³ One of them is BUMDes Sumpersari, located in Udanawu District, Blitar Regency. Beginning with the poorly structured management of BUMDes reports in Sumpersari Village and the frequent format changes, irregular bookkeeping has had a significant impact on BUMDes. BUMDes face obstacles in selecting competent managers to handle their businesses, which is a common phenomenon observed. This is due to a lack of planning, human resources, and support in managing BUMDes.⁴ The BUMDes officials have conducted various evaluations, yet some bookkeeping formats remain difficult to understand, resulting in a less sustainable BUMDes management system.

In this regard, KKN 114 UIN Sunan Kalijaga students had the opportunity to help compile, revise, and reorganize the BUMDes bookkeeping format guidelines to make them easier for officials and communities to understand. Moreover, BUMDes management is an activity that begins with planning, organizing, implementing, and

² Fadia Nur and others, 'Pendampingan Pembuatan Nomor Induk Berusaha (NIB) Dalam Rangka Pengembangan UMKM Desa Ngampungan', 1 (2022), 116–24.

³ Jurnal Akuntansi and others, 'Rekonstruksi Penyusunan Laporan Keuangan BUMDes Berbasis SAK EMKM Menggunakan Excel for Accounting', 2024.

⁴ Nurtisatul Mukarramah and others, 'Suluh Abdi : Jurnal Ilmiah Pengabdian Kepada Masyarakat PELATIHAN REVITALISASI TATAKELOLA BADAN USAHA MILIK DESA (BUMDES) JULUBORITTA', 6.1 (2021), 70–78.

supervising to achieve goals through the effective use of human resources.⁵ In order to achieve these objectives, the following is the flow of preparing the BUMDes report guidelines:

a. Studying the Elements of BUMDes Reports

This step falls into the planning category. Planning a good report format requires a thorough study of the report's elements. Not only should we study the elements themselves, but we should also study economic issues, economic management within BUMDes, and matters related to report accuracy. This report divides its elements into assets, cash flow, and detailed notes on key items in the financial statements.



Figure 2: Process of Studying the Elements of a BUMDes Report

b. Identifying Shortcomings

After analyzing the root of the problems, the next step is to identify the shortcomings in the previous report. We need to take this step because the shortcomings can serve as valuable feedback for developing future report formats. We need to provide a structured explanation of the previous report's shortcomings to the BUMDes officials. With the approval and feedback from the officials on the analysis of these shortcomings, it can serve as a reference for the preparation of future BUMDes reporting guidelines.

c. Report format update

This updated report format is based on the previous report's results, incorporating improvements by addressing the shortcomings of the earlier format and presenting a

⁵ Reja Gunawan, 'Exploration of the Principle of Accountability in the Management of Village-Owned Enterprises (BUMDes)', 2.1 (2024), 219–24.

new, more dynamic, and easier-to-understand format. We staged the formatting according to the BUMDes report chapters, routinely confirming format changes with BUMDes officials. Additionally, we prepared the BUMDes report format using either Microsoft Word or Microsoft Excel to streamline the report writing process.



Figure 3: Result of BUMDes Updated Report Format

d. Socialization of the Report Format Results to the BUMDes Officials

The final step in improving the BUMDes report guidelines is the socialization of the BUMDes officials. The socialization process involves explaining the Microsoft Word or Microsoft Excel formats, providing an overview of the report flow, and outlining specific details that require confirmation. The socialization of the new report format can help BUMDes officials understand its use for future report writing.

4. CONCLUSIONS

Efforts in managing village economic administration are aimed at enhancing the community's economy, particularly for business owners and UMKMs. The synergy in these efforts stems from two distinct targets. The first target is to assist individuals who own businesses or UMKMs in registering NIBs and providing marketing assistance through logo design. This program not only aims to ensure product legality, but also to enhance the attractiveness of product marketing. Meanwhile, the second target is BUMDes officials, who have an important influence on village business management. Updating BUMDes report format guidelines aids in realizing the efforts. This program produces a dynamic and easily comprehensible structured report, thereby enhancing BUMDes' financial transparency. We

expect these two program targets to propel Summersari Village's economy forward, enhancing both the administrative structure and the community's business sectors.

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