

Utilization of Supply Chain Management for BUMDes

Zainal Arifin

Faculty of Economics and Business, Universitas Islam Indragiri

zainalbdpn@gmail.com

Abstract

In achieving the state's goal of providing comprehensive welfare for all Indonesian people, BUMDes has an equal distribution role and grants village autonomy so that it does not depend on the state. BUMDes which in its implementation has problems such as the utilization of existing resources and the effectiveness of production in the business activities carried out is something that must receive attention because this is a common problem but will pose a big obstacle if not handled properly. For this reason, Supply Chain Management may provide a benefit which can solve problems that occur in BUMDes business activities. Therefore, this study aims to explore and find answers to the Utilization of Supply Chain Management for BUMDes. Researchers in this study used a qualitative method which used books and journals that might be available to researchers as the main source and other relevant data as secondary sources. The researcher found that the use of Supply Chain Management in BUMDes business activities has a positive and significant effect if done correctly, because by using this method, BUMDes can make better use of their human resources and the provision of production goods will be wider, not only for local people. the surrounding area can even reach the international market if done properly.

Keywords: BUMDes, Supply Chain, Management

1. Introduction

Indonesia is a country where everything is based on law. This means that everything that happens on earth in Indonesia will be regulated by law. This is something that is particularly important as a basis for the Indonesian people to plan their future. It is also undeniable that this will affect development planning or national development which is carried out by Indonesia. What makes this happen is not one of the constitutional laws which is the direction of the state for Indonesia, namely Article 1 paragraph 3 of the 1945 Constitution which specifically explains that Indonesia is a state of law. This article creates a condition where not only the community, but also the government must look at the applicable laws in running their government. Of course, it is not only the government that must be considered but also, the national development carried out by the Indonesian state must pay attention to existing laws and must adjust so that the things regulated by the law are fulfilled.

The law that applies in Indonesia is a determinant of the purpose of the procurement of the Indonesian state itself (Asshiddiqie, 2011). This binds the government to carry out state administration in accordance with the objectives described by law. It is explained in the constitution owned by the Indonesian state, namely the 1945 Constitution that the purpose of the establishment of the Unitary State of the Republic of Indonesia is to protect the entire Indonesian nation, promote the welfare of the Indonesian people, educate the nation's life, and participate in implementing world order which is based on independence, eternal peace, and social justice (Fitriana, 2018). The objectives that have been set under the law will make the government obliged to fulfill the things that have been mentioned. Of course, this is not something that is easy to do, especially the overall welfare of the Indonesian people, because the overall welfare of the community requires a stable and consistent way.

When viewed from the current state of Indonesia, Indonesia can be said to be a developing country. For a country that is in the stage of development, it is necessary to maximize efforts so that it can provide positive results for the development of national development. The Indonesian government itself has carried out economic development through State-Owned Enterprises or BUMN, which is a company owned by the state, most of the shares owned by the company have become state-owned. BUMN, which is a state-owned company, becomes an unbelievably valuable resource for the central government in taking the financial resources needed to carry out national development, but keep in mind that for equitable development it is also necessary for development carried out by local governments so that development does not occur only from the center but scattered throughout the region. This is done so that equitable development can occur in Indonesia.

The government is aware of its limitations in managing state resources. The government is aware of its limitations in managing its resources due to its limited understanding of these resources and how to use them. This made the

government aware of the need for a government smaller than the central government, therefore the government issued law number 22 which was issued in 1999 regarding regional government. The regulation provides a power and ability for regions to gain autonomy or the right to manage themselves. Through these autonomous rights, local governments can carry out regional development so that developments can also occur not only at the national level, but also at the regional level (Haryanto, 2001).

Village level development is a particularly important thing for regional development towards the welfare of regional communities which are said to have a high quality of life. For this reason, it is necessary to optimize the business carried out by the organizers of the Village Owned Enterprises. One method which maximizes the availability of goods at a speed that is practically consistent, even though the condition of the goods received by consumers is said to be of the same or normal quality as other goods, of course it will be extremely helpful (Widyarto, 2013). Therefore, the application of a supply chain which functions to assist production and profit generation will be extremely helpful.

1.1 Objectives

Seeing a need that is owned by the Indonesian people, namely, to maximize production which is to help Village-Owned Enterprises or BUMDes to gain profits so that it will help national development will be helped because of equitable development carried out by village governments through regional development, researchers started this research. The purpose of this research is to see the benefits of using the supply chain in Village Owned Enterprises.

2. Literature Review (12 font)

2.1 Village

The village define in Kamus Besar Bahasa Indonesia is a group of houses outside the city which is a unitary village. The definition of a village according to the sociological understanding is described as a unit of society or community of residents who live in an environment where they develop each other and have a life style which can be said to be relatively homogeneous and have a significant dependence on nature (Purwaningsih, 2008).

Legally applicable in Indonesia, namely in Law No. 6 of 2014 provides the definition of a village as a legal community unit that has territorial boundaries that are authorized to regulate and manage government affairs, the interests of local communities based on community initiatives, rights of origin, and / or traditional rights that are recognized and respected in the government system of the Unitary State of the Republic of Indonesia.

2.2 BUMDes

BUMDes or Village Owned Enterprises is a business which is managed by the village government. This is very crucial for the welfare of the villagers, because the village is the smallest unit owned by the Indonesian state. The village which is the smallest unit is an entity from the government that will relate closely to the community. From this it can be interpreted that the village is the smallest government that directly touches the needs of the community. The BUMDes activity itself is an entrepreneurial activity which is also an opportunity for the empowerment of rural communities if done properly.

The purpose of the presence of BUMDes itself economically is to provide an economic activity in a village so that the economic wheels owned by the village can spin so that it has a positive impact on the economy of local communities and the regional economy which in the long run also contributes to the national economic situation. (Ridlwan, 2014).

2.3 Problems in BUMDes

BUMDes which is a business created by the central and regional governments is an effort in the context of increasing the economy evenly, but every effort made by humans cannot be free from problems. There are so many problems which are the cause of difficulties in the development and utilization of BUMDes for the village economy, some are also related to managerial capacity where the community feels that there will be a lack of empowerment of the surrounding village community due to inaccurate financial records and human resource management (Anggraeni, 2016). One of the problems found due to lack of good managerial skills is marketing management, human resources, and strategies for business activities to be carried out by BUMDes. Of course, this is a matter that must be considered carefully because this is not a new thing when it comes to an economic venture.

Nursetiawan (2018) also found that BUMDes had a problem in realizing economic independence for the village. He found that the implementation of BUMDes that occurred in Indonesian society had problems in the lack of participation by the community in the management of BUMDes itself, the village government was also less able to maximize the business they owned, and the lack of running of BUMDes was due to a lack of innovation and

business application methods which could provide high effectiveness. which can be fairly consistently stable (Mulyono, 2014).

2.4 Management

Management which is a process of planning, organizing, and providing direction and control of an activity so that it can achieve organizational goals effectively and efficiently by using available resources within the organization (Hanafi, 2015). The use of proper management is a particularly important step for an economic activity because it has a significant effect on the productivity given in a business activity. Management is an activity that can allocate the resources owned in a business activity appropriately so that the resources used can be allocated properly and not wasted. Management will also provide an effect which provides clarity on the allocation so that there is no confusion in an activity carried out within the organization. Management also provides benefits for organizational development, where management will provide an overview of the improvements and training needed within the organization so that it can be clearly seen what is needed in the future to provide a better and more effective way of achieving organizational goals (Nursam, 2017).

2.5 Supply Chain Management

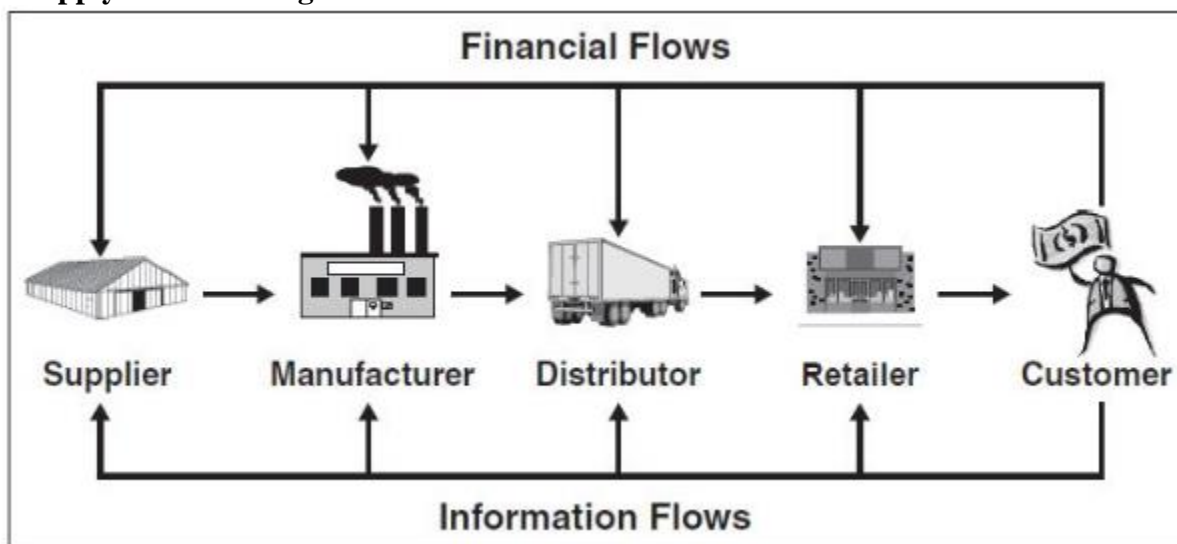


Figure 1. Supply Chain Management Process sourced from (Pranato, 2018)

supply chain management is a concept or mechanism to increase the total productivity of companies in the supply chain through optimizing the time, location, and flow of material quantities. Manufacturing, in the application of supply chain management (SCM), companies are required to be able to meet customer satisfaction, develop products on time, incur low costs in the field of inventory and product delivery, manage the industry carefully and flexibly (Anwar, 2013).

Supply chain management is a system in which there are processes of production, delivery, storage, distribution, and sale of products in order to meet demand for these products. The supply chain includes all processes and activities involved in delivering these products to the hands of consumers. These include the production process in manufacturing, the transportation systems that move products from manufacture to retail outlets, warehouses where these products are stored, distribution centers where shipments in the large dozen are divided into smaller dozen to be sent back to stores and finally to the final destination. the retailer selling the product (Wuwung, 2013).

Supply Chain Management itself, which has been explained, is not something new in an entrepreneurial activity. The application will provide a supply chain which provides the ability to supply goods that can be delivered consistently and stably to outlets which will be directed directly to the customer. This will provide convenience in achieving the production goals of an organization because it can provide goods to consumers stably and can receive input from customers through outlets that provide production goods so that information on product developments is needed.

2.6 Benefits of Supply Chain Management

Supply Chain management is carried out by many well-known companies to get maximum profit and stable supply of goods. So of course, the application of this method can provide a valuable advantage. The advantages for a business activity which can provide several competitive advantages are as follows (Sucahyowati, 2011):

- **Customer satisfaction**
Customers are the main target in a business activity carried out by an organization. This understanding is a justification in providing equality that the buyer or in this case the customer is the king in buying and selling activities. So, customer satisfaction with the goods provided through the production process is particularly important because customer satisfaction with a product will give the customer a habit so that in the long term the customer will continue to use the product provided by an organization and become a ready customer. This will provide a long-term advantage and as a sign that the company can become a great company
- **Increase Business revenue**
Customer satisfaction which causes the existence of a loyal customer or customer is an indicator of the increase obtained by a company which will provide a loyal partner for the company. This will ensure that the products obtained through the production carried out by the company are not wasted because customers are loyal but use products that they have used habitually.
- **Profit increase**
Increased income will of course provide an increased profit as well. Keep in mind that profit is a profit that is obtained from profits after production costs have been replaced. This will have a positive effect on the organization because profits can be used as reinvestment by the organization whether it is to develop the organization, increase production power, or other things that are beneficial to the organization.
- **Lower production costs**
Supply chain management provides a flow in which the products produced by the company will end up in the hands of consumers, thereby reducing the cost of distributing goods that previously became an expense for the company.
- **Optimal use of assets**
In Supply Chain Management, human assets are assets that can be used optimally. This happens because in this method humans will become experts in the use of technology because of the habituation of the tasks they will undergo in the production process carried out. This will make people in the organization have a habit that makes them experts, so that problems that may occur in production will be an easy thing to deal with because experience in carrying out production activities will be abundant.
- **Business Entities are getting bigger**
Of course, with profits that have increased, the company will indirectly develop with it to maximize profits and the capacity needed to obtain the maximum profit. It also gives the company strength to compete.

3. Methods

In this study, the researcher used a qualitative method by observing the literature and available data through available sources for researchers to complete this paper. Researchers used relevant journals and books in completing this research. Researchers also use several trusted university websites as secondary data.

4. Data Collection



Figure 2. BUMDes that drive the village economy sourced from (Finaka & Hapsari, 2019)

From the data above, it can be seen that BUMDes will also have a positive effect on the economy which provides a place to work for more than one million Indonesian workers. This has a positive effect which not only gives movement to the wheels of the economy, but also provides a funding effect for the country which has recorded a net profit of more than 120 billion rupiah. This is a sign that in the long term will have a significant effect on village development. Of course, this will greatly assist the development of the welfare of the people of Indonesia.

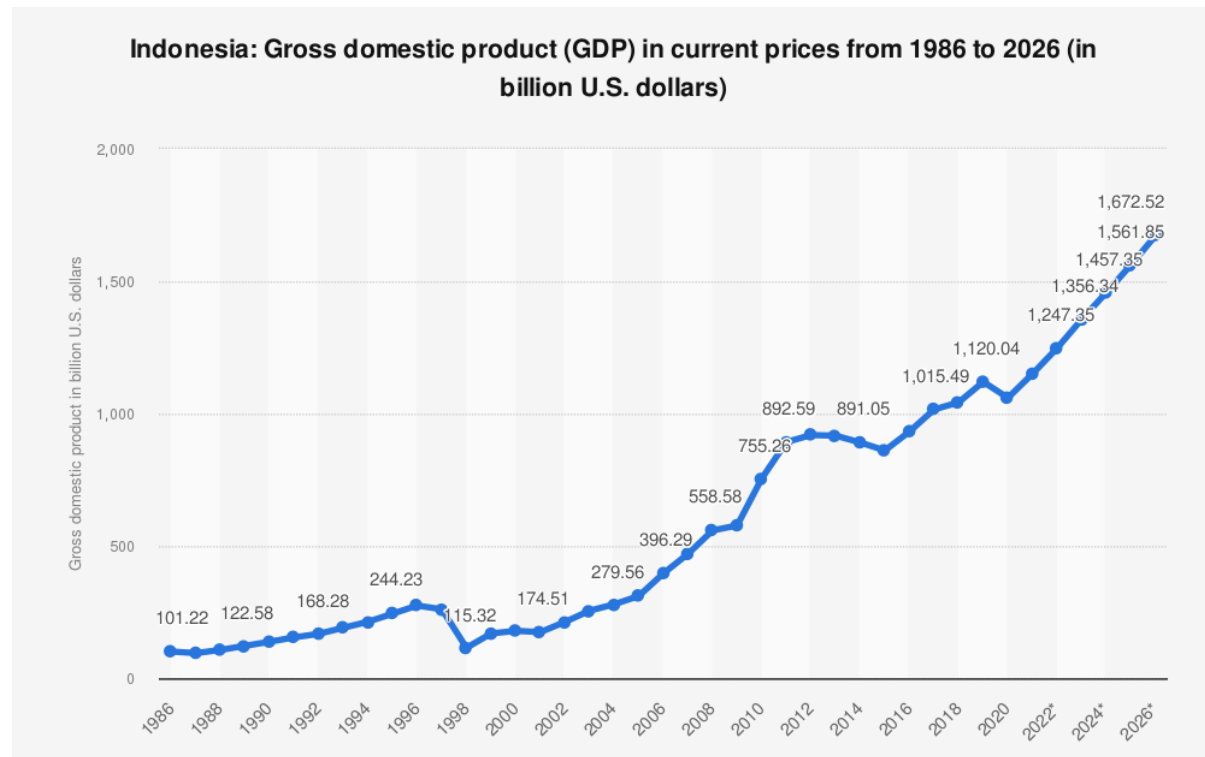


Figure 3. Indonesia: Gross domestic product (GDP) in Current prices from 1986 to 2026 (In billion U.S. dollars) sourced from International Monetary Fund (2021) and pictures via O'Neill (2021)

Indonesia is growing in terms of GDP income with a relatively constant increase from year to year. Through data published by the International Monetary Fund, Indonesia has made quite good economic development. Of course, when viewed from the data above, the growth also briefly shows the same graphic direction when viewed from 2014 to 2018. This provides a clear impetus for the wheels of the economy in the country so that economic development can be significantly assisted and has a forecast of direction. good economy in the future.

5. Discussion

The procurement of BUMDes is particularly important for the village economy so that villages can carry out village development and have an independent economy so that they will not always depend on the state and instead have a positive effect on the country's economy. BUMDes is also an entrepreneur which becomes a financial resource for the village. This becomes a resource that will be extremely useful. In the procurement of BUMDes, which of course will have problems, it will provide a challenge, considering that this will be a matter that must be managed by the village government, where there are very few youth-based personnel compared to those in the city due to urbanization so that the compaction and work gathers in urban areas (Harahap, 2013). Moreover, where BUMDes has another goal to empower villagers, good management is very much needed. Therefore, the use of the Supply Chain Management method will be extremely useful because it will solve problems such as the utilization of human resource assets where there is no need for special skill because the production position will be clearly arranged which causes the habits and experience of workers in BUMDes to become more skilled. in the activities that have been given to them in production activities.

BUMDes which is one of the village businesses where often the production of the business carried out is a characteristic possessed by the village, it will be better when it has a management such as this Supply Chain Management method. There are so many BUMDes in Indonesia that are regional specialties such as regional food, batik from the village, and many others. With the holding of a good Supply Chain which causes the products from BUMDes to be spread more widely than the region itself, so that consumers from BUMDes will not only live from the surrounding area but reach consumers in the national realm, maybe even internationally. This will give BUMDes a huge new door of opportunity when done right. This will make BUMDes a business that can grow rapidly if done correctly and in accordance with established procedures.

6. Conclusion

Utilization of Supply Chain Management in BUMDes is a step that will greatly assist in village development and the development of BUMDes itself. By using Supply Chain Management, business activities carried out by BUMDes will be neatly mapped, so that the utilization of human resources will occur optimally. Utilization of this method not only helps maximize the benefits of human resources, but also helps absorb the workforce owned by the village because with this method the worker can do something where he is an expert or at least able to do that, so the effort made BUMDes not only provides separate funding for a village but can also become a driving force for the village economy so that it has an independent economy.

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