



Legalization of Village-Owned Enterprises to Improve the Community Economy in Central Maluku Regency

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Abstract

Law Number 6 of 2014 concerning Villages has become a comprehensive regulation regarding villages. In contrast to Law Number 32 of 2004, the regulation on BUMDe in the new Village Law is more comprehensive. BUMDes is still positioned as a village economic organization that has an important role in achieving the welfare of the community, villages, and village governments. The purpose of this study is to study and analyze the Legalization of Village-Owned Enterprises as a Means of Improving the People's Economy in Central Maluku Regency and to study and analyze the Legalization of Village-Owned Enterprises Can Improve the People's Economy in Central Maluku Regency. The research method is sociolegal with a regulatory approach and observation as well as interviews with the Tananahu government and the Central Maluku Government. The results of the research show that Tananahu's Owned Enterprises have not yet had legality through village regulations, even though their businesses have been petrified in increasing village income. So it is necessary to legalize Tananahu -owned Enterprises and also in villages in Central Maluku Regency.

Keywords: economic improvement, legalization, village-owned enterprises

Abstrak

Undang-Undang Nomor 6 Tahun 2014 tentang Desa telah menjadi peraturan yang komprehensif mengenai desa. Berbeda dengan UU Nomor 32 Tahun 2004, pengaturan tentang BUMDe pada UU Desa yang baru lebih komprehensif. BUMDes masih diposisikan sebagai organisasi ekonomi desa yang mempunyai peranan penting dalam mencapai kesejahteraan masyarakat, desa, dan pemerintah desa. tujuan penelitian ini adalah Untuk mengkaji dan menganalisis Legalisasi Badan Usaha Milik Desa Sebagai Sarana Peningkatan Ekonomi Kerakyatan di Kabupaten Maluku Tengah dan Untuk mengkaji dan menganalisis Legalisasi Badan Usaha Milik Desa Dapat Meningkatkan Ekonomi Kerakyatan di Kabupaten Maluku Tengah. Metode penelitian adalah sosialegal dengan pendekatan peraturan dan observasi serta wawancara pada pemerintah Tananahu dan Pemerintah Maluku Tengah. Hasil penelitian menunjukkan bahwa Usaha Milik Tananahu belum memiliki legalitas lewat peraturan desa, padahal usaha yang dimiliki telah membantu dalam peningkatan pendapatan desa. Sehingga perlu dilakukan legalisasi terhadap Badan usaha milik Negeri Tananahu dan juga pada desa-desa yang ada di Kabupaten Maluku Tengah.

Kata kunci: peningkatan ekonomi, legalisasi, Bumdes

I. Introduction

In general, the people of Central Maluku Regency are traditional communities known as customary law community units with the name negeri, which are regulated based on local customary law.¹ These standard community units and their government apparatus have long

¹ Heru Purnomo, "Rekognisi Sebagai Hak Istimewa Desa," *Wicarana* 1, no. 2 (2022): 119-32, <https://doi.org/10.57123/wicarana.v1i2.19>.

existed, lived, developed, and maintained in the community's social order. As a customary law community unit, negeri in Central Maluku Regency has the authority to regulate and manage the local community's interests based on the rights, origins of the negeri customs, and customary law recognized in the National Government System.² On the other hand, there is an administrative state, which, as a result of the development and progress of society, must also pay attention to the rights and interests of local communities. The existence of an administrative negeri/negeri places customs and customary law in their proper context.³ Therefore, state autonomy as innate autonomy and administrative negeri autonomy as given freedom should be developed for the benefit of the people of the negeri/administrative negeri, which cannot be separated from the control of the Government (Maluku Provincial Government and Central Maluku Regency)⁴ as long as it concerns the National interests which must be implemented. In the context of the smooth administration of government, development, democracy, and society, a negeri government is an essential factor.⁵

Village-owned enterprises, from now on referred to as village-owned enterprises, are village economic institutions/bodies⁶ that are legal entities formed and owned by the Village Government, managed economically independently and professionally with capital that is wholly or primarily made up of separated village assets.⁷ In the end, Village-owned enterprises were formed to gain profits to strengthen Village Original Income, advance the village economy, and improve the welfare of village communities. As stated by Ngesti D. Prasetyo, the existence of Village-owned enterprises is very strategic.⁸ Ultimately, Village-owned enterprises functions as a driving force for the village economy and welfare of village communities. The hope with the presence of Village-owned enterprises is the formation of new businesses rooted in existing resources and the optimization of village community economic activities.⁹ On the other hand, business opportunities will increase to strengthen village autonomy and reduce unemployment.¹⁰

Village-owned enterprises is a business institution that manages village economic assets and resources within the framework of empowering village communities.¹¹ Village-owned

² Tumija, and Ibnu Mokodompit. "Efektivitas Badan Usaha Milik Desa (Village-owned enterprises) Dalam Meningkatkan Pendapatan Asli Desa (Pades) Melalui Program Penyewaan Pondok Kuliner Di Desa Boroko Timur KecamatanKadipang Kabupaten Bolaan Mongodow Utara Provinsi Sulawesi Utara." JEKP: Jurnal Ekonomi Dan Keuangan Publik 8, no. 1 (2021): 1-12

³ Ayyub Tabah Pangestu, "Peran Badan Usaha Milik Desa (BUMDes) Dalam Pemberdayaan Masyarakat Di Desa Kedungrejo Kecamatan Waru Kabupaten Sidoarjo," *Jurnal Administrasi Negara*, 2020, 126-33.

⁴ Desa Dan et al., "Desa Dan Hukum Adat : Persepektif Normativitas Dan Sosiologis Keindonesiaan," no. 6 (2016): 461-68.

⁵ Kamlasi, I. & Salu, M. L. "Buku Panduan Pengabdian Reguler UNISNU Jepara," 2019

⁶ Berlian Ramadana Coristya, Heru Ribawanto, and Suwondo, "Keberadaan Badan Usaha Milik Desa (Bumdes) Sebagai Penguatan Ekonomi Desa (Studi Di Desa Landungsari, Kecamatan Dau, Kabupaten Malang)," *Jap* 1, no. 6 (2013): 1068-76.

⁷ Syam, M. Ardiansyah, Suratno Suratno, and Syahril Djaddang. "Literasi Tatakelola VILLAGE-OWNED ENTERPRISES (Badan Usaha Milik Desa)." *CAPACITAREA : Jurnal Pengabdian Kepada Masyarakat* 1, no. 02 (2021): 67-79. <https://doi.org/10.35814/capacitarea.v1i02.1993>.

⁸ Masbullah and Muhammad Atha Iqbal, "Kontribusi Badan Usaha Milik Desa (BUMDES) Sebagai Penguatan Ekonomi Desa," *Jurnal Mentari Publika* 04, no. 01 (2023): 18-27, <http://administrasipublik.studentjournal.ub.ac.id/index.php/jap/article/view/189>.

⁹ Amelia Sri and Kusuma Dewi, "SEBAGAI UPAYA DALAM MENINGKAT KAN PENDAPATAN ASLI DE SA (Pades) SERTA MENUMBUHKAN PEREKONOMIAN DESA" V, no. 1 (2014): 1-14.

¹⁰ Abdullah, Hasbullah Bin. "Implementasi Pengelolaan Badan Usaha Milik Desa (Village-owned enterprises a) Jatimakmur Dalam Peningkatan Pendapatan Asli Desa (PADes) Di Desa Jatirejoyoso." *Journal of Governance Innovation* 3, no. 2 (2021): 204-22. <https://doi.org/10.36636/jogiv.v3i2.810>.

¹¹ Dian Apriyanti, Kiki Endah, and Budi Setiadi, "Pembinaan Badan Usaha Milik Desa (Bum Desa) Oleh Dinas Pemberdayaan Masyarakat Dan Desa Kabupaten Ciamis," *Moderat: Jurnal Ilmiah Ilmu ...* 5, no. 3 (2019): 262-66, <https://jurnal.unigal.ac.id/index.php/moderat/article/view/2708>.

enterprises is regulated in Article 213 paragraph (1) of Law of the Republic of Indonesia Number 32 of 2004 concerning Local Government hereinafter referred to as Law No.32/2004, which states that villages can establish Village-Owned Enterprises by the needs and potential of the village. Changes in regulations regarding Village-Owned USaha Entities are regulated in the Regulation of the Minister of Home Affairs Number 39 of 2010 concerning Village-Owned Enterprises, hereinafter abbreviated as Permendagri No.39/2010.¹²

Village-owned enterprises aims to optimize the management of existing village assets, advance the village economy, and improve the welfare of village communities.¹³ The nature of BUMD's businesses is profit-oriented. The nature of business management is openness, honesty, participation, and fairness.¹⁴ The function of village-owned enterprises is to be a driving force for the village economy, a business institution that generates Original Village Income and a means to encourage accelerated improvement in the welfare of village communities.¹⁵ Village financial aspects are related to establishing village-owned enterprises a to increase Village Original Income by giving villages authority to carry out village businesses. With the increase in PADesa, the Village APB will also increase so that the village government will become more independent in carrying out village development.¹⁶

It should be remembered that the function of Village-owned enterprises a, apart from economics, also has a social role.¹⁷ The economic process activities in the development and management of Village-owned enterprises are village businesses that must provide a profit margin for the village and the village community.¹⁸ Meanwhile, the social functions that village-owned enterprises an carry out are: (1) Indirectly, by providing financial transfers to the village treasury through additional Village Original Income (PADesa), which will then be used for village development activities with regular mechanisms in village development management; and (2) Directly, providing guidance and assistance to businesses carried out by village communities, in addition to managing public (not private) goods/services. Public property, such as clean water, irrigation, village markets, village tourism, village forests, and so on, can be

¹² Syahriza, Rahmi, Jihan Atiqah Pane, Farah Indah Azhari, Asyaadatun Nazila Selayan, Meliyani Meliyani, and Mutiara Azhari. "Peranan Badan Usaha Milik Desa (Village-owned enterprises) Dalam Peningkatan Perekonomian Masyarakat Di Desa Tanah Merah (Studi Kasus Pada Village-owned enterprises Pabrik Tahu Desa Tanah Merah Kecamatan Galang Kabupaten Deli Serdang)." *EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis* 11, no. 1 (2023): 175-82. <https://doi.org/10.37676/ekombis.v11i1.2930>.

¹³ Samadi, Arrafiqur Rahman, and Afrizal, "Peranan Badan Usaha Milik Desa (BUMDes) Dalam Peningkatan Ekonomi Masyarakat (Studi Pada Bumdes Desa Pekan Tebih Kecamatan Kepenuhan Hulu Kabupaten Rokan Hulu)," *Jurnal 2*, no. 1 (2015): 1-19, <https://media.neliti.com/media/publications/110259-ID-peranan-badan-usaha-milik-desa-bumdes-da.pdf>.

¹⁴ Hastu Hastutik, Dwi, Dwiningtyas Padmaningrum, and Agung Wibowo. "Peran Badan Usaha Milik Desa (Village-owned enterprises) Dalam Pengembangan Desa Wisata Di Desa Pongkok Kecamatan Polanharjo Kabupaten Klaten." *AGRITEXTS: Journal of Agricultural Extension* 45, no. 1 (2021): 46. <https://doi.org/10.20961/agritexts.v45i1.51539>

¹⁵ Ashar Prawitno, Rahmatullah, and Safriadi, "Analisis Peranan Badan Usaha Milik Desa (BUM Desa) Dalam Peningkatan Pendapatan Asli Desa Di Kabupaten Gowa," *KRITIS: Jurnal Ilmu Sosial Dan Ilmu Politik* 5, no. 2 (2019): 50-60.

¹⁶ Kartikasari, Evi Dwi, Irma Indira, Darianto Darianto, Muammar Aminul Hakim, and Dicky Eka Prasetya. "Urgensi Village-owned enterprises Dan Optimalisasi Pemanfaatan Aset Desa Dalam Rangka Peningkatan Pendapatan Desa: Kajian Empiris Di Desa Pule Kecamatan Modo." *BALANCE: Economic, Business, Management and Accounting Journal* 20, no. 1 (2023): 37. <https://doi.org/10.30651/blc.v20i1.16040>

¹⁷ Antony Taufikur Rakhman and Isna Fitria Agustina, "Planning for the Management of Village-Owned Enterprises (BUMDes) : Perencanaan Pengelolaan Badan Usaha Milik Desa (BUMDes)," *Indonesian Journal of Public Policy Review* 18 (2022): 1-8.

¹⁸ Kusuma Wardani, Aulia Nurlaili, Sapto Yuwono, and Abdul Salam. "Peran Badan Usaha Milik Desa (Village-Owned Enterprises) Dalam Meningkatkan Kesejahteraan Masyarakat Desa Siliwangi." *Jurnal Ilmiah Ekonomi Manajemen Jurnal Ilmiah Multi Science* 13, no. 2 (2022): 25-33. <https://doi.org/10.52657/jiem.v13i2.1884>

managed by Village-owned enterprises a. In this way, every villager can optimally use the village's public goods.¹⁹

The previous research that has something to do with this application is I Komang Kawi Arta, et al.²⁰ who are concerned about Legal Protection for Village-Owned Enterprises Based on Law Number 11 of 2020 concerning Job Creation, this research is a substance of examining the Job Creation Law which regulates Village-Owned Enterprises with legality in the form of granting Business Entity certificates, so that it has stronger legal force. Furthermore, the research by Andika Pradana Putra²¹ on the Legal Status of Village-Owned Enterprises (Bumdes) Established by the Village Government whose substance discusses the ambiguity of norms governing the legal status of Village-Owned Enterprises (BUMDes), namely the explanation of Article 87 paragraph (1) of Law Number 6 of 2014 concerning Villages which results in the legal status of BUMDes becoming unclear, namely whether BUMDes can be said to be an incorporated business entity legal or not a legal entity. The relationship with this research is also as researched by Lenny Nadriana Legal Construction of Village-Owned Enterprises (Bumdes) as a Form of Community Economic Resilience During the Covid-19 Pandemic, the research substantially examines the formation of BUMDes requires a special legal construction that regulates various aspects of the existence of BUMDes as a business entity that supports the community's economy.

The difference from the previous research is that this research will focus on the differences in regulations regarding Village-Owned Enterprises regulated in the previous Law, namely Undnag-Law No. 32 of 2004 concerning Regional Government and the implementation of Law No. 6 of 2014 concerning villages which provides certainty for the existence of Village-Owned Enterprises as an economic force in the village, This research will focus on Central Maluku Regency, especially in Tananahu Country in looking at the implementation of Village-Owned Enterprises and whether the Regional Government has made efforts to legalize Village-Owned Enterprises in villages in Central Maluku Regency.

II. Research Problems

The aim of establishing BUMDes is to optimize the management of existing village assets, advance the village economy, and improve the welfare of village communities.²² The problem is that there is no legality of BUMDes, so it is necessary to conduct research on the legality of BUMDes in Central Maluku Regency.

III. Research Methods

Regarding the problems and objectives of this research, the type of research used is socio-legal research²³, a combination of doctrinal and empirical law research methods. Doctrinaire research is intended to conduct literature research by identifying laws and regulations and collecting other data related to the problem under study. Empirical research is intended to identify the Legalization of Village-Owned Enterprises as a Means of Improving People's

¹⁹ Suparji. *Pedoman Tata Kelola Village-owned enterprises*. UAI Press. Jakarta Selatan, 2019.

²⁰ I Komang Kawi, dkk. *Perlindungan Hukum Terhadap Badan Usaha Milik Desa Berdasarkan Undang-Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja*, Jurnal Penelitian dan Pengembangan Sains dan Humaniora, 10.23887/jppsh.v7i1.58846.

²¹ Andika Pradana Putra, *Status Hukum Badan Usaha Milik Desa (Bumdes) Yang Didirikan Oleh Pemerintah Desa*, Brawijaya Law Studen Journal, index.php/hukum/article/view/4460

²² TNP2K, "Pendayagunaan Badan Usaha Milik Desa Dalam Pemulihan Ekonomi Pascawabah Covid-19," *Ringkasan Kebijakan*, 2020, 1–8, www.tnp2k.go.id.

²³ Suteki, S.H., Galang Taufani, S.H., M.H. *Metode Penelitian Hukum (Filsafat, Teori Dan Praktik)*. Edited by Rajawali Pers. Cetakan ke. Depok, 2022.

Economy in Central Maluku Regency. Empirical research was carried out by observation to Negeri Tananahu and interviews with the Negeri Tananahu Government and the Regional Government of Central Maluku Regency.

IV. Result And Discussion

1. Legalisation of Village-Owned Enterprises as a Means of Improving People's Economy in Central Maluku Regency.

Villages are one of the potential places for a country's economy. This is where much potential can be developed. Besides that, there are also many natural resources available. Before the government realized this, villages could not grow and remained behind.²⁴ However, when the government realized the vast potential of the town, they issued a policy, namely Regional Autonomy, so many regions took advantage of it to develop their areas, especially setting their villages. One of the activities carried out is a village-owned enterprise.²⁵

Village-owned enterprises, often referred to as Village-owned enterprises, are village business institutions managed by the village government and the village community to strengthen the village economy and formed based on the needs and potentials of the village. Village-owned enterprises is a business entity that can help the community, including meeting daily needs, creating business opportunities or jobs, and adding insight into the village community.²⁶

The government has long attempted to develop the rural economy through various programs. However, the effort has not yielded the satisfactory results desired. Many factors contribute to the lack of success of these programs. One of the most dominant factors is that government intervention is too large, which hinders the creativity and innovation of rural communities in managing and running economic engines in rural areas. The economic and institutional mechanisms in rural areas are ineffective and have implications for dependence on government assistance, thus killing the spirit of independence.²⁷

In their operationalization, Village-owned enterprises is supported by village monetary institutions (financing) as a field that conducts financial transactions through credit and deposits. If economic institutions are strong and supported by adequate policies,²⁸ then economic growth accompanied by equitable distribution of assets to the people at large will be able to overcome various financial problems in rural areas.²⁹ The ultimate goal of establishing Village-owned enterprises is expected to be a pioneer in bridging efforts to strengthen the economy in rural areas.³⁰

²⁴ Putri Aryawati, Dyah Hariani, and Augustin Rina, "Manajemen Badan Usaha Milik Desa (BUMDes) Dalam Upaya Memulihkan Pendapatan Asli Desa (PADes) Di Era New Normal (Studi Kasus BUMDes Tirta Mandiri Desa Ponggok Kecamatan Polanharjo Kabupaten Klaten)," *Ilmu Sosial Dan Ilmu Politik Universitas Diponegoro*, 2019, 1–15.

²⁵ *Ibid.*, 34

²⁶ Hastutik, Dwi, Dwiningtyas Padmaningrum, and Agung Wibowo. "Peran Badan Usaha Milik Desa (Village-owned enterprises) Dalam Pengembangan Desa Wisata Di Desa Ponggok Kecamatan Polanharjo Kabupaten Klaten." *AGRITEXTS: Journal of Agricultural Extension* 45, no. 1 (2021): 46. <https://doi.org/10.20961/agritexts.v45i1.51539>.

²⁷ Iswoyo, Andi, Aminatuzzuhro, and Yanuar Fauzuddin. "Volume. 19 Issue 2 (2023) Pages 415-425 INOVASI : Jurnal Ekonomi , Keuangan Dan Manajemen ISSN : 0216-7786 (Print) 2528-1097 (Online) Laporan Keuangan BUM Desa : Kendala , Akuntabilitas , Transparansi , Dan Keberlanjutan Village-Own Enterprise Fina" 2, no. 2 (2023): 415–25.

²⁸ Yohanes Richargo Nanga Wara Wara and Cathas Teguh Prakoso, "Pengelolaan Badan Usaha Milik Desa (Bumdes) Dalam Meningkatkan Pembangunan Desa Bumi Etam, Kecamatan Kaubun, Kabupaten Kutai Timur," *Ejurnal Administrasi Publik* 10, no. 1 (2022): 5965–78.

²⁹ Hanantyo Sri Nugroho, "Menimbang Pentingnya Penguatan Kelembagaan Pemerintahan Desa," *Journal of Governance* 3, no. 1 (2018).

³⁰ Sarkawi, Dkk. "Pemanfaatan Potensi Badan Usaha Milik Desa Sebagai Daya Ungkit Anggaran Pendapatan Dan Belanja Desale." *Jurnal Kompilasi Hukum* 5 (2020).

If a comparison is made between the provisions of Village-owned enterprises in Law No. 32/2004 and Law No. 6/2014, it can be seen that the conditions in Law Number 6 of 2014 are more elaborate. Law No. 32/2004 stipulates in only one article, namely Article 213, that 1) Villages can establish village-owned enterprises to the needs and potentials of the village. 2) Laws and regulations guide village-owned enterprises. 3) Village-owned enterprises can make loans by laws and regulations. The explanation of Article 213 is that Village-Owned Enterprises are legal entities as stipulated in laws and regulations.³¹

Law No. 6/2014 regulates in more detail. This Village Law regulates Village-owned enterprises in Chapter X into three articles: a. Article 87 paragraph (1) villages can establish Village-Owned Enterprises called Village BUM; paragraph (2) Village BUM is managed with the spirit of kinship and cooperation; (3) Village BUM can carry out business in the economic and public services by the provisions of laws and regulations. Article 88 paragraph (1) The establishment of Village BUM is agreed upon through Village Deliberation paragraph (2) Village Regulation determines the establishment of Village BUM (1), Article 89, the results of Village-owned enterprises a operations are used for 1) business development and 2) village development, empowerment of rural communities, and assisting people experiencing poverty through grants, social assistance, and revolving fund activities stipulated in the Village Revenue and Expenditure Budget. c. Article 90, the Government, Provincial Regional Governments, District/City Regional Governments, and Village Governments encourage the development of Village-owned enterprises by 1) Providing grants and access to capital, 2) Providing technical assistance and access to markets, and 3) Prioritizing Village-owned enterprises in natural resource management in villages.³²

Moving on from these provisions, the logic of establishing Village-owned enterprises is based on the needs and potential of the village as an effort to improve community welfare. Regarding planning and establishment, Village-owned enterprises are built on community initiatives. They are based on cooperative, participatory, transparent, emancipative, accountable, and sustainable principles with member-based mechanisms and independent business. Of all that, the most important thing is that the management of Village-owned enterprises must be carried out professionally and independently.

Village-owned enterprises are pillars of economic activity in villages that function as social and commercial institutions. Village-owned enterprises, as a social institution, sides with the community's interests through its contribution to the provision of social services. The purpose of establishing Village-owned enterprises is to increase village original income among other things.³³

While a commercial institution aims to seek profits by offering local resources (goods and services) to the market, its business must always emphasize efficiency and effectiveness. Village-owned enterprises are legal entities formed based on governance. In the prevailing legislation, these provisions are general, while the development is adjusted to the agreement built in the village community. Thus, the form of Village-owned enterprises can vary in each village in

³¹ Kiki Joesyiana et al., "Pengembangan Badan Usaha Milik Desa (BumDes) Untuk Kesejahteraan Ekonomi Masyarakat Desa Bukit Ranah Kabupaten Kampar Provinsi Riau," *Jurnal Pengabdian Masyarakat Madani (JPMM)* 1, no. 2 (2021): 132-39, <https://doi.org/10.51805/jpmm.v1i2.24>.

³² Tumija and Mokodompit, "Efektivitas Badan Usaha Milik Desa (Bumdes) Dalam Meningkatkan Pendapatan Asli Desa (Pades) Melalui Program Penyewaan Pondok Kuliner Di Desa Boroko Timur Kecamatan Kadipang Kabupaten Bolaan Mongodow Utara Provinsi Sulawesi Utara."

³³ Hastutik, Padmaningrum, and Wibowo, "Peran Badan Usaha Milik Desa (BUMDes) Dalam Pengembangan Desa Wisata Di Desa Pongkok Kecamatan Polanharjo Kabupaten Klaten."

Indonesia.³⁴ This variety of conditions is due to the local characteristics, potential, and resources owned by each town.

The ultimate goal, Village-owned enterprises, as an instrument of social capital, is expected to be a bridge that connects villages with the economic sphere outside it so that it becomes an economic booster in rural areas. Strategic and tactical steps are needed to integrate the institution's potential, market needs, and design into a plan to achieve this condition. In addition, it is necessary to pay attention to localization potential and policy support (goodwill) from the government above it to eliminate the low surplus of rural economic activities due to the possibility of non-development of the financial sector in rural areas. So that the integration of agricultural systems and structures in a broad sense, integrated trade and service businesses will be used as guidelines in institutional governance.

Establishing a business entity must be accompanied by capacity-building efforts and supported by regional policies (districts/cities) that facilitate and protect this business from the threat of competition from large investors—considering that this business entity is a new economic institution operating in rural areas and still needs a solid foundation to grow and develop. The foundation builder for the establishment of Village-owned enterprises is the government. Village-owned enterprises, in their operationalization, should ideally also be supported by village monetary institutions (financing units) as units that carry out financial transactions in the form of credit and deposits. If economic institutions are strong and supported by adequate policies, then economic growth accompanied by equitable distribution of assets to the people at large will be able to overcome various financial problems in rural areas.

Based on interviews with the Village Head/Head of Government of Tananahu State and the Head of Village BUM/Tananahu State BUM since the establishment of Village BUM/Tananahu State BUM, there are indeed many things that have been prepared to optimize the development of Village BUM/Tananahu State BUM. However, over time, in a few months, it turned out that there was an increase in income from Village BUM/Tananahu State BUM, from which initially only received and managed forest products from the community. Tananahu State has added business through Village BUM/Tananahu State BUM with the sale of office stationery, photocopies, and Pertamina Shop business.

2. Legalization of Village-Owned Enterprises in Improving People's Economy in Central Maluku Regency.

Village-owned enterprises or Village-Owned Enterprises are business entities whose entire or most capital is owned by the village through direct participation derived from village wealth. Village-owned enterprises was as established to strengthen the village's economy. In contrast to the company, which is only profit-oriented, village-owned enterprises has a vision to encourage village economic improvement through their business units.

Village-owned enterprises are the most complex form of business entity challenges among these several entities. Why? Village-owned enterprises must choose a form of business that creates money and has a solid social vision. For example, in Village-owned enterprises waste management, Village-owned enterprises answers or overcomes residents' problems regarding waste and creates a clean residential environment while also having to be able to make it a productive business unit to create profits.

³⁴ Mulianingsih, Sunasih. "Peran Badan Usaha Milik Desa (Village-owned enterprises) Dalam Mendukung Pengentasan Kemiskinan Desa." *Jurnal Registratie* 4, no. 1 (2022): 10–21. <https://doi.org/10.33701/jurnalregistratie.v4i1.2405>.

The advantages of Village-owned enterprises are profit and benefit benefits. Profit means that the business institution must create profit by earning money. Benefits are benefits that do not have to be in the form of money, for example, creating new business opportunities for the community or helping businesses that many community members do to become more productive. For example, village-owned enterprises/owned enterprises negeri Tananahu established a raw coconut processing factory, ATK sales, photocopies, and Prestashop cash, all of which were established to advance and increase income or improve the community's economy and even became PAD BUM Desa/BUM Negeri Tananahu.

The establishment and management of Village-owned enterprises is a manifestation of productive village economic management carried out in a cooperative, participatory, emancipative, transparent, accountable, and sustainable manner. For this reason, serious management of Village-owned enterprises is required so that they can run independently, effectively, and professionally. To achieve its goals, Village-owned enterprises uses ways to meet the community's needs through goods and services. The needs of the community that must be met are basic; besides that, business provision for the community is also one of the responsibilities of Village-owned enterprises.

Building Indonesia from the periphery by strengthening regions and villages within the framework of a unitary state is one of the contents of the nine Nawacita Programs of Indonesia's President and Vice President. This is one form of development policy considered strategic, where strengthening the lowest area (village) becomes a pillar of national sovereignty to compete globally.

One of the Nawacita Program implementations is that the government pays great attention to villages as part of the lowest regional unity by forming ministerial-level state institutions that deal with village problems, namely the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration. The presence of the Ministry of Villages, Development of Disadvantaged Regions and Transmigration can be an implementing agent of Law No. 6 of 2014, which is substantially expected to develop villages through structural and cultural approaches.³⁵

Law No. 6/2014 provides a new spirit for villages to empower themselves by giving birth to the spirit of "village building," meaning that villages are placed as early milestones in the success of national development so that the strengthening of the village cannot be separated from the strength of the village in extracting the potential of local wisdom and the spirit of cooperation of its residents.³⁶

Based on theoretical studies of the village economy, the exciting thing is that the village has an extreme and deep-rooted social capital condition of the community. One form of social capital can be described through the variety of social ties and solid social solidarity owned by rural communities as an essential buffer for government, development, and community activities.

However, the condition of social capital owned by rural communities is still inversely proportional to the condition of village economic capital, where the social capital of rural communities consists of social bonding, social bridging, and social linking, the three social ties of the village community are parochial or become the most superficial social capital, and are unable to facilitate economic development, in order to realize a socially vibrant village in the local democracy cortex.

³⁵ Tumija and Mokodompit, "Efektivitas Badan Usaha Milik Desa (Bumdes) Dalam Meningkatkan Pendapatan Asli Desa (Pades) Melalui Program Penyewaan Pondok Kuliner Di Desa Boroko Timur Kecamatan Kadipang Kabupaten Bolaan Mongodow Utara Provinsi Sulawesi Utara."

³⁶ Nurcholis, H. "Sejarah Pemerintahan Lokal/Daerah Di Indonesia." *Pustaka. Ut.Ac.Id*, 2010, h. 1.34-1.52.

V. Conclusion

Law Number 6 of 2014 concerning Villages has become a comprehensive regulation about villages. Different from Law Number 32 of 2004, the regulation regarding BUMDes in the new Village Law is more complete. With the new Village Law providing legality for Village-Owned Enterprises without going through an extensive administrative mechanism, only with the Village Regulation has provided legality to Village-Owned Enterprises. In Tananahu State and from the results of the research, the determination of Village-Owned Enterprises with Village Regulations has not been carried out, so that it has a great impact on the legality of the business carried out by the Tananahu State Government, even though there is an increase in income from the management of Village-Owned Enterprises in Tananahu State.

Improving the village economy should begin by providing the right legality so that BUM Desa / BUM Negeri Tananahu really proves its role as one of the efforts in increasing Village Original Income (PADes) and growing the village people's economy as a whole and comprehensively. The existence of democratization opportunities at the village level should also have a positive impact on the village to build initiatives and the desire to advance the village. The initiative must look at many aspects including service, democratization and participation and more importantly, increasing the economic potential of the village.

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