

Common Thread; The Management of Village-Owned Enterprises and Women's Empowerment.

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Common Thread: The Management of Village-Owned Enterprises and Women's Empowerment

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Introduction

In 2014, the Indonesian government passed a law allowing village governments to become independent. Implementation of this regulation was in tandem with the transfer of billions of rupiahs from the central government budget (APBN) and regional budgets (APBD) to the local village level. This policy provided local governments with the flexibility to innovate and grow (Fitriani et al., 2020; Suwarno, 2008).

Based on the Village Development Index (IPD) from the Central Statistics Agency (2019), the social and economic welfare of rural conditions in Indonesia progressed significantly between 2014 and 2018. This is consistent with the period following local economic empowerment. Specifically, the number of poor villages decreased by 7.64 percent, developing villages increased by 4.14 percent, and independent villages in-

creased by 3.5 percent (see Table 1). Differences were attributable to variations in essential services such as education and health, infrastructure condition, and local economic development.

Challenges for Public Sector Development

Independent management at the village level does have responsibility that is typically not attributable to the public sector. To foster economic growth, villages need to adapt an asset management focus, a characteristic of business organizations. Thus, the concept of a public enterprise can be challenging. According to Suwarno (2008), the paradigm shift from the public sector to the business sector is quite complicated. In Indonesia, public organizations tend to be rigid, making it difficult for them to adapt to change. As a result, public services in all government institutions require innovation and creativity to achieve welfare goals (Muluk, 2008). Noteworthy is that public

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Table 1. Village Development Index (IPD) 2014-2018

No.	Status of Villages ^a	2014 (%)	2018 (%)
1	Underdeveloped	26.81	19.17
2	Developing	69.26	73.40
3	Independent	3.93	7.43
	Total	100	100

^aCentral Statistics Agency (2019)

sector innovation differs from that of the private sector with respect to objectives, sources of capital, hierarchy of responsibilities, and budgeting systems (Mardiasmo, 2021). However, it is these differences that also make public organizations more static than private organizations, resulting in discussions about innovation limited to private organizations.

This commentary focuses on public sector investment in the form of Village Owned Enterprises (BUMD), specifically, BUMD *Sumber Sejahtera* in the village of Pujon Kidul in Indonesia. The BUMD *Sumber Sejahtera* was developed with a small amount of capital and focused on multiple enterprises (Table 2). Additionally, the initiative actively involved women. In the sections that follow, aspects of the success of the BUMD *Sumber Sejahtera* are provided as

a basis for a model for replication. Of focus is the role and empowerment of women in the development and deployment of the BUMD.

BUMD Concept

The concept of BUMD was born from the spirit of New Public Management (NPM), an approach to business management that applies to public organization like businesses in the private sector (Van Elk et al., 2021). Village funds are the principal source of capital support for developing the BUMD, enabling the village to become economically independent by bridging the community with business productivity. According to law, the transfer of funds to villages is for economic and social development. The limited top-down decision-making allows each village the flexibility for different development strategies. For example, in the case of Pujon Kidul Village, village funds were used for the development of BUMD *Sumber Sejahtera*.

Women's Participation in BUMD Management

Women have had fewer opportunities for participation in the economy of the village due to accessibility limitations (Almeleh et al., 1993; Noor, 2011; Sen, 1995). In providing for village financial autonomy, the government of Indonesia,

Table 2. Business Units Fostered by BUMD *Sumber Sejahtera*

Business	Institutional	Destination
Units of Clean Water Unit	One unit head and 10 members	Ensure the availability of clean water for consumption needs
Laku Pandai Unit	One unit head and no members	Engage in financial service management
Home Stay Unit	One unit head and 10 members	Provide lodging services for guests who visit Pujon Village
Café Sawah Unit	One unit head and 93 members	Oversight of community-owned micro-enterprises management
Parking Unit	One unit head and 21 members	Vehicle parking services for visitors
Agricultural Unit	One unit head and 3 members	Centralize and distribute community agricultural products
Integrated Waste Management Site	One unit head and 10 members	Manage organic and nonorganic waste to facilitate economic value (i.e., production of fertilizers and paving materials)
Infrastructure and Building Unit	One unit head and 8 members	Manage building materials and village infrastructure

promoted equality of access to economic resources, specifically to reduce and eliminate gender inequality (Peinado & Serrano, 2018).

In the BUMD *Sumber Sejahtera*, women occupy strategic positions, including managing money and strategy related to the BUMD. The women in the BUMD management team have completed high school (SMA) and some hold a bachelor's degree. Their education combined with their experience in managing households provides them with requisites for professional management, including the ability to handle the responsibilities of managing the BUMD budget. However, it is the equality of access to positions and participation in the BUMD that has facilitated the observation of the women's capabilities. This can be attributed to entrepreneurship training and developing women's skills in managing economic resources (Peinado & Serrano, 2018). Additionally, the formation of formal and informal women's organizations fostered women's inclusion, providing a support system.

In the Pujon Kidul village, there are women's formal and informal groups. The formal group is Family Welfare Empowerment (PKK). The PKK's administrator has a dual role in promoting the products or services provided by BUMD business units in the formal forum from the village level, district level, or regional level. The informal forum consists of farming and ranching enterprises whose women members have roles in providing agricultural products and dairy milk that are sold to BUMD business units.

Final Thoughts

Although in general, women in Indonesia have been marginalized in both formal and informal socioeconomic institutions, the success of Pujon Kidul Village cannot be separated from the role of women in the internal structure and management of BUMD micro-business units. The combination of regulatory support, financial access, enterprise creation, and perhaps more significantly, formation of formal and informal support groups have contributed to

both the success in local enterprise and the heightened opportunity for women. However, equality and equity are challenging in that prevailing social norms are both a constraint and a cultural attribute. Further study is required to determine how gender equality and overall community well-being can be achieved without convergence to foreign norms of gender roles. Limited discussion exists with respect to this topic, which is arguably aligned to the cultural influence and standardization of market-based economy.

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