SUPPORTING FACTORS IN FORMING ISLAMIC VILLAGE-OWNED ENTERPRISE (I-BUMDES) IN NAGAN RAYA DISTRICT

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Abstract

It is important and urgent to conduct a scientific study on the establishment of Islamic Village-Owned Enterprises (I-BUMDes) through the local potential to realize independent villages, by analyzing local potential variables, financial capital, human resources, and community participation in the establishment of I-BUMDes in Nagan Raya District. The population of this study was all villages that have Bumdes in Nagan Raya district. The sampling technique used was purposive sampling. The study sample was 10 I-BUMDes that have run in Nagan Raya district. Primary data was obtained by interviews and questionnaires to I-BUMDes administrators and communities in the local area. Secondary data was obtained from the Central Bureau of Statistics (BPS), Regency Community Empowerment Agency (BPM), and the internet. Regression analysis was performed to determine whether an independent variable has an effect on the dependent variable by using the regression model estimation by entering a dummy variable, the joint hypothesis test model. Significance test was carried out using the normality test method through the Jarque-Bera (JB) statistical test through histogram screening, with a significance level of 5% indicating that the statistical value was 163,393 while the square chi value $\alpha = 5\%$ and $(df = n-2 = 130-2 = 128, \alpha = 5\%)$. Therefore, the Ho assumption is accepted which means the norm is distributed data. The regression results using qualitative variables can be seen, showing different results and in accordance with the hypothesis that was built. The regression results by entering the dummy variable show a positive and significant effect at $\alpha = 5\%$, towards the formation of I-BUMDes in Nagan Raya District. Only human

power variables do not affect the formation of I-BUMDes with an error term value of α = 5%.

Keywords: I-BUMDes, Local Potential, Community Participation, Rural Economy.

Introduction

Rural economic growth often judged slower than urban economic development. Though the government has passed into the village law (Act No. 6 of 2014) which states that the Village is the unity of the legal community who have boundaries, which is authorized to regulate and manage the affairs of government, the interests of the local community by community initiatives, the right of origin, and / or traditional rights that are recognized and respected in the system of government of the Republic of Indonesia (NKRI). The village government can manage the potential of the village to improve its economy for the welfare of the village community by the establishment of Islamic Village-Owned Enterprises (I-BUMDes).

This was supported by Anggraeni in his research which stated that the existence of the Village-Owned Enterprises (BUMDes) had brought positive changes to the economic and social fields. There is also the existence of BUMDes that do not bring significant benefits to improve its people's welfare directly, caused by various problems that arise such as community access

to water and to get work in BUMDes (Anggraeni, M. R. R. S. 2017).

Something similar happened in Nagan Raya district, in real terms that directly touched the needs of the community. Nagan Raya district has 74,093 villages (BPS, 2013) with a wealth of potential villages-owned such as agriculture, plantation, livestock, and small industries. However, management of the county's I-BUMDes Nagan Raya has not been maximized (Ramly & Mursyida, 2018). The main cause is the unequal mapping of local potential, only a portion of the region has potential so that it does not gain empowerment from the economic sector from both local and provincial governments. This has been reinforced by the culture conditions are weaker than the management of village funds, lack of Human Resources (HR) is inadequate, lack of management skills of the village, the lack of business support, very little access to capital, are not supported by good facilities, community behavior, less participative in the village.

As a result, the poverty chain in Nagan Raya district does not end and very far from prosperous, as evidenced by the poverty rate in 2016 as Mental 30.310 or 19.25% and increased in the Year 2017 as much 30.060 people or 19.34% (CBS, 2018). To answer this problem, it is important and urgent to conduct a scientific study on the empowerment of sharia-based I-BUMDes and local potential to realize independent villages through maximizing village potential.

The research objective was to analyze the variables of local potential, financial capital, human resources, and community participation in the establishment of I-BUMDes in Nagan Raya District. There has been no previous research on the empowerment of local potential-based I-BUMDes to create independent villages in the Nagan Raya district of Aceh Province.

This research also filled the previous research gap by becoming pioneer research in realizing the welfare of the community and independent villages through an analysis of the strategy to empower local potential in the establishment of Islamic Village-Owned Enterprises (I-BUMDes).

Literature Review

The management of the village's local potential is useful to improve the standard of living of the village community directly because it is one of the objectives of increasing the potential of the village managed by the village itself to raise the living standards of the village community and the establishment of village resilience and independence. In addition, the increase in village potential in the utilization of natural resources is directed so that there is community income distribution and is managed directly by the village government as the holder of power at the village level. (Ramly, et al., 2018).

The potential of natural resources can be processed into a superior product in the village. Based on the concept of village

fund allocation that utilizes village potential, maximizing the function of operationalizing Islamic Village-Owned Enterprises (I-BUMDes) will empower village communities. The purpose of the I-BUMDes is to strengthen the joint economic community and be formed according to the needs and potential of the village. Thus, through village-owned enterprises, the existence of these two approaches is assumed to be a model that supports one of the economic improvements of the poor in the village. (Ramly et al., 2017).

I-BUMDes is one of the main sources for the community to utilize the existing local village potential. The role of I-BUMDes includes (1) identification of village potential; (2) mapping village superior business; (3) building-integrated economic centers; and (4) marketing superior village products. Therefore, the village economic development strategy must be built by involving the I-BUMDes as one of the pillars of sustainable village development.

According to Sudaryana (2016), the implementation of a village-owned business entity development policy model aims to investigate the extent of BUMDes management of resources and community participation in the welfare of rural communities. The results show that the management of village planning has a significant effect on the welfare of rural communities. Moreover, this issue mentioned in other researches are Suriadi, Mahalli, Achmad, & Muda. (2015).

The establishment of I-BUMDes may result in institutional strengthening, training and technical guidance activities. The I-BUMDes is also expected to empower and improve the village economy, increase Village Original Income (PADes), increase village processing potential in accordance with community needs, and become the backbone of economic growth and village equity.

Hidayati, (2015) conducted research related to the performance analysis of BUMDES with design-based education and training. Indicators used were human resources, education, and work results. The results show indicators of resources, inexperienced BUMDES managers and educational settings are irrelevant to work, while work outcome indicators have shown some achievements such as creating jobs and contributing a portion of village income.

Srirejeki, (2018) added in his research the role of BUMDes empowerment in village development. His research shows that the problem with the efficiency and effectiveness of the company's villages is the lack of networks and participation of the villagers. the advice to solve the problem varies from the village leadership style of the leader to promote the existence of the village owned by the company, carrying out collaborative actions with the third party, such as a company, or other village-owned company that has the same passion.

Lubis & Muda, (2018) Conducted research related to the composition of share ownership of BUMDes, using multiple

regression methods, the selection of samples studied was 102 units of BUMDes. The result received was that the composition of BUMDes shares was not significant to the business turnover of BUMDes.

In addition, Sidik (2015) conducted a study exploring the local potential of realizing village independence, with local village income increased significantly. Local social capital such as the Village Organization, Trust, Norma, and Network play their role in this case. However, the management of I-BUMDes is still considered less effective because it is not transparent and accountable. Then, efforts to become independent villages also face social challenges, there is jealousy among the hamlets associated with funds provided by the village government and the emergence of economic players around tourist areas that come from economically well-established families.

Finally, the research of Zuhdiyaty & Maryunani, (2019) Analyzes the power of BUMDes in utilizing the existing potential for people's welfare. Mixed methods and variables used were physical capital, human capital, financial capital, and social capital. The results showed that the strongest capital was the financial capital, while the weakest capital was human resources.

In this research, we examined the analysis of the utilization of local potential in the establishment of BUMDes, the variables used in this study refer to the research of Sudaryana (2016), Hidayati (2015), Sidik (2015), Lubis & Muda (2018), Ramly, et al, (2018), and Zuhdiyaty & Maryunani, (2019). The

variable focused was local potential, human resources, financial capital, and community participation as independent variables, and I-BUMDes Unit as the dependent variable. Then, we examined how far did these variables influence the establishment of I-BUMDes?

Based on the above literature, we tried to propose and test theses following hypothesis:

H1: Local Potential Positive and significant effect on the Establishment of I-BUMDes.

H2: Human financial capital has a positive and significant effect on the formation of I-BUMDes.

H3: Human resources have a positive and significant effect on the eEstablishment of I-BUMDes.

H4: Community Participation has a positive and significant effect on the Establishment of I-BUMDes

Methodology

This study used a quantitative approach and descriptive statistical estimates, analysis of the utilization of local potential in the establishment of I-BUMDes in Nagan Raya district. The dependent variable used was the number of units I-BUMDes (Y), while the independent variables used were the Local Potential (X1), financial capital (X2), the financial capital dummy variable (D1), and Community participation dummy variable (D2). The test model was the regression test conducted by entering the independent variables are qualitative, by inserting a dummy

variable in two classes (Widarjono, 2013). Where the tests conducted enable authors to conducted qualitative assumptions against I-BUMDes formation that was influenced by several arranged-variables. The shape of the regression equation can be formulated as follows:

$$Y = \beta 0 + \beta 1\ X1i + \beta 2\ X2i + \beta 1\ D1i + \beta 2\ D2i + e\ i$$

Keterangan:

Y = I-BUMDes Unit

X1 = Local Potential

X2 = Financial capital

X3 = Human Resources

X4 = Community Participation

$\beta 0$ = Constants

$\beta 1$ = Regression Coefficient

e = Error Variable

Population and Sample

The population of this study was all villages that have Islamic Village-Owned Enterprises (I-BUMDes) in Nagan Raya district. The sampling technique was purposive sampling by direct distribution of questionnaires to respondents who had been determined. The research sample taken was 10 I-BUMDes that were already running in Nagan Raya district.

The data source in this study were primary and secondary data. Primary data was obtained from the results of interviews and questionnaires to I-BUMDes administrators and communities in the local area, the while secondary data was

obtained from the agency of the Central Statistics Agency (BPS), the district community empowerment agency (BPM), and the internet.

$$n= \frac{N}{N(d2) + 1}$$

RESULT AND DISCUSSION

1. Result

a. Normality Test Results and Heteroskidastity

1. Normality test

Significance test was carried out using the normality test method through the Jarque-Bera (JB) statistical test by histogram screening, with a significance level of 5% indicating that the statistical value was 163,393 while the square chi value $\alpha = 5\%$ and (df = n-2 = 130-2 = 128, $\alpha = 5\%$). Therefore, the Ho assumption was accepted meaning that the data was normally distributed. The residual regression results from the relationship of local potential in the formation of I-BUMDes have a normal distribution. Then the probability of the result of the assumption is 0,000 percent was smaller than $\alpha = 5\%$, because the sample chosen was very large, so it matched the asymptotic nature of the JB test.

Figure. 1

Normality testSource: Primary data processed
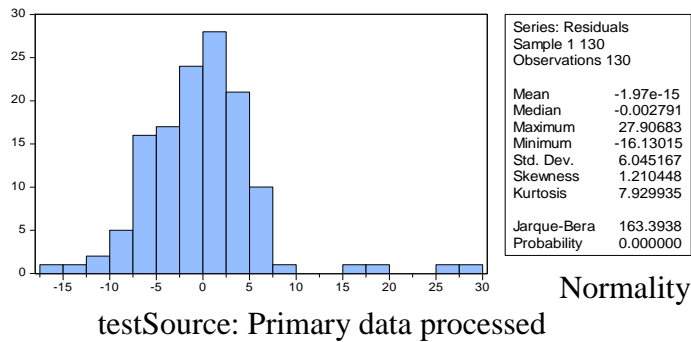
The normality test showed that from the JB statistical test value the probability of 0.00 was smaller than α = 5%. With this result, the JB normality test has accepted the hypothesis that the residual was not normally distributed because the JB statistical value was not zero.

2. Heteroscedasticity Test

Heteroscedasticity is actually the number of interference variables that vary from regression models which are not all constant. This can happen because the data obtained having different variants. So, in this test, it should detect whether the variables collected have problems with heteroscedasticity or not. The method for detecting interference was the white method. White model heterodoxy without depending on normality in the disturbance variable. The following are the results of heteroscedasticity tests:

Table. 1
Heteroscedasticity Test

Heteroskedasticity Test: White			
F-statistic	1.213001	Prob. F(12,117)	0.2823
Obs*R-squared	14.38385	Prob. Chi-Square	0.2769
Scaled explained	46.07948	Prob. Chi-Square	0.0000

Source: Primary Data processed

From the above data, it can be seen that in the white test with cross term there was no problem of heteroscedasticity. The chi-square value of 14.38385 was greater than α = 5%. Similarly, if we see a probability value of 0.2769 (27.69%) greater than α = 5%.

b. Results of the Linear Regression Test

1. Significant F test

The significance F test in this study used a joint hypothesis test model. If the calculated F value was greater than the critical F value then we reject the Null Hypothesis Zero hypothesis. This means that the local potential in Nagan Raya district has an effect on the formation of I-BUMDes. Whereas conversely if F count was smaller than critical F value then we fail to process the null hypothesis or accept the zero hypotheses, meaning that the data was not enough to prove that the influence of local

potential in the formation of I-BUMDes in Nagan Raya district. The following are the results of the combined F test:

TABLE. 2
Significant F test

Wald Test:
Equation: Untitled

Test Statistic	Value	Df	Probability
F-statistic	3.698119	(2, 125)	0.0275
Chi-square	7.396237	2	0.0248

Null Hypothesis: C(3)=0, C(4)=0
Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(3)	-1.60E-08	6.31E-09
C(4)	-1.493311	1.332198

Restrictions are linear in coefficients.
Source: processed from reviews 8.0

Based on the table above, the critical F value was at α = 5% with df (2,125) from F table 3,698. The calculated F value is greater than the critical F value, so we reject Ho. This means that independent variables, such as local potential, human resources, financial capital, and community participation simultaneously or simultaneously influence the establishment of I-BUMDes units in Nagan Raya District. With P-value, the probability is 0.0275 or (27%).

2. Linear Regression Test More Than One Qualitative Variable

This study used more than two qualitative variables in conducting multiple regression, such as human resource variables, which indicate that the level of education experienced by I-BUMDES managers, then community participation, such as communities have information awareness of the existence of es in local villages or sub-districts. Therefore, this regression includes a dummy variable in the regression. The regression results are as follows:

Table. 4
Variable Regression Test Dummy

Dependent Variable: Y
Method: Least Squares
Date: 06/26/19   Time: 21:56
Sample: 1 130
Included observations: 130

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	28.5578	1.815189	15.73269	0.0000
X1	-0.086081	0.034423	-2.500680	0.0137
X2	-1.60E-08	6.31E-09	-2.537089	0.0124
D1	-1.493311	1.332198	-1.120937	0.2645
D2	2.293668	1.113252	2.060332	0.0414

Source: Data is processed from reviews 8.0

The table above shows, the regression results with more than one variable quantitative or insert a dummy variable that

was considered to be quantified to show the attributes 1 and 0. The regression test results show, partially the local potential variable (X1) on the formation of the I-BUMDes unit was obtained t-count of 15.73269 with a p-value of 0.000. Hypothesis H1 was built on these variables where the local potential (X1) positive and significant impact on the formation of I-BUMDes. Because the p-value was 0.000 <0.05, it can be concluded that H1 was accepted. This shows that Local Potential (X1) affects the formation of I-BUMDes. By utilizing the potential of local villages followed by the increase in the establishment of I-BUMDes business units in Nagan Raya district.

Then the regression test showed that partially the financial capital variable (X2) on the formation of I-BUMDes units was obtained with t-count was -2.500680, and the p-value was 0.0137. Hypothesis H2 was built on these variables where the financial capital (X2) had a significant negative effect on the formation of a business unit I-BUMDes. Because the p-value was 0.0137 <0.05, therefore, concluded that H2 was accepted. This shows that the presence of financial capital (X2) influences the formation of I-BUMDes.

Furthermore, the variables used were qualitative variables that were quantified or using dummy variables, partially the variables used were human resources (D1), with a t-count value of -1.120937 with a p-value of 0.2645. then the results rejected the H3 hypothesis, then the human resource variable did not have a negative and significant effect on the

establishment of the I-BUMDes business unit. Because the p-value was 0.2645> 0.05, it can be concluded that H3 was rejected. This showed that not all human resources were able to form and managed village planning by looking at the level of education.

The regression test using the qualitative variables of community participation, partially the variable community participation (D2) on the formation of I-BUMDes units was obtained t-count of 2.060332 with p-Value 0.0414. The H4 hypothesis built on this variable was that community participation (D2) had a positive and significant effect on the establishment of I-BUMDes business units. Because the p-value was 0.0414 <0.05, it can be concluded that H4 was accepted. This showed that the presence of community participation (D2) influenced the formation of I-BUMDes.

While the probability of a dummy variable regression test in obtaining a p-value of 0.009206, then simultaneously the independent variables influence the formation of a I-BUMDes business unit in Nagan Raya District. Assuming at $\alpha = 5\%$, the probability value was 0.009206 <0.05. this means that the variables of local village potential, financial capital, human resources, and community participation influenced the establishment of the I-BUMDes business unit in Nagan Raya Regency. Although partially dummy variable had no significant effect of human resources with a p-value of 0:26> 0.05.

Result and Discussion

The regression results using qualitative variables can be seen, showing different results and in accordance with the hypothesis that was built. The first result of the regression variable shows the probability value because the p-value was 0.000 <0.05 which means, H1 is accepted. This indicates that the Local Potential (X1) influence on the formation of I-BUMDes.

Therefore, village roles and functions are needed in managing village potential well. The aim of improving the management of local village potential is to improve the living standards of rural communities, where the majority of villagers have a low level of living feasibility, because it is one of the objectives of increasing village potential managed by the village itself in order to raise the living standards of the village community and the resilience and independence of the village.

In addition, the increase in village potential in the use of natural resources is directed to be managed properly by villages that have run I-BUMDes is well. Zuhdiyaty & Maryunani, (2019). The potential of resources located in the district of Nagan Raya, plantations is 42 percent, agriculture is 30 percent, and the industry is 20 percent. (Ramly, et al., 2018).

Then from the financial capital variable, the probability value was 0.0137 <0.05 shows that H2 is accepted. This also shows that the presence of financial capital (X2) influences the formation of I-BUMDes. This means that with the availability of resources obtained from village funds, I-BUMDes can be boosted

from the capital side to make it easier to manage the running business unit. Although some villages have I-BUMDes business units that are running less actively. (Ramly & Mursyida, 2018). In line with Sudaryana (2016) and Zuhdiyaty & Maryunani, (2019). Financial capital becomes the main driver of the economy of the surrounding community, if the village administration has income from business income, it can be shared with the village and become village income (PADes), then the village can carry out human or physical development planning.

Then the dummy variable, partially the variable used is human resources (D1). Because the p-value of 0.2645> 0.05 can be concluded that H3 is rejected. This shows that not all human resources are able to form and manage village offices by looking at their level of education. Human resource variables have a negative and not significant effect, meaning that there is a decrease in the influence of the group of human resource variables, where data is raised between the education levels of Bumdes managers. According to Zuhdiyaty & Maryunani, (2019), only a small proportion of the community has a tertiary level of education or higher, on average the people who become directors of BUMDes are junior and senior high school/equivalent. Therefore, it will affect the management of bumdes management. (Hidayati, 2015).

Finally, the dummy variable of community participation (D2), the H4 Hypothesis built on this variable is community participation (D2) which has a positive and significant effect on

the establishment of the I-BUMDes business unit. Because the p-value of 0.0414 <0.05 can be concluded that H4 is accepted. This shows that the presence of community participation (D2) influences the formation of I-BUMDes. In accordance with previous research. According to Dian (2018). The failure of I-BUMDes is one of them caused by a lack of community participation. Therefore, the role and attention of the community towards I-BUMDes institutions greatly influences the progress of its business units, because the community is almost all the books in this I-BUMDes activity.

Conclusion

Based on multiple regression estimates using dummy variables, simultaneously, the local potential variable p-value of 0.000 <0.05. This shows that Local Potential (X1) affects the formation of I-BUMDes. While the variables of financial capital with a p-value 0.0137 <0.05. It can be concluded that H2 is accepted, so it can be concluded that the presence of financial capital (X2) influences the formation of I-BUMDes.

From dummy variables with a p-value of 0.2645> 0.05, it can be concluded that H3 is rejected. This shows that not all human resources are able to form and manage I-BUMDes by looking at their level of education. Finally, the dummy variable of community participation with a p-value of 0.0414 <0.05 proven that H4 is accepted. The result the presence of community participation (D2) influences the formation of I-BUMDes. In accordance with previous research.

Between the four variables, only the human resource variable did not have a positive and significant effect on the establishment of the I-BUMDes business unit in Nagan Raya district. Only a small proportion of the community has a tertiary level of education or higher, on average the people who become directors of I-BUMDes are junior and senior high school /equivalent educational background.

Recommendation

Subsequent research is suggested to add independent variables or replace the independent variables of this study with other variables which allegedly can influence the utilization of local potential in the formation or management of I-BUMDes. It is necessary to further examine other variables that are considered to influence the formation of I-BUMDes in general. Thus, the results to be obtained are expected to be more accurate.

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