

## **Business Development and Management Strategies for Badan Usaha Milik Desa (BUMDes) Raharja, Desa Rancaekek Wetan, Kecamatan Rancaekek, Kabupaten Bandung**

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**Abstract:** This article is the result of research as well as one of the outcomes of Community Service activities in Rancaekek Wetan Village, Rancaekek District, Bandung Regency. The object of this research is a state-owned enterprise (village scope or level), namely BUMDes Raharja. The purpose of this research and PKM is to help BUMDes Raharja to be even better in terms of business development and managerial abilities. The research method used is descriptive qualitative data collection methods, namely interviews-observations and analysis tools using focus group discussion (FGD). The results showed that BUMDes Raharja has good business and management potential if it is able to make various changes or adjustments. Suggestions from the research on PKM results are to develop its business, Raharja BUMDes can use 3 alternative strategic options, namely: (1) horizontal integration, (2) concentric diversification, and (3) conglomerate diversification. Other suggestions are: (1) BUMDes Raharja can create an annual short-medium term planning system, (2) separate management and employee or staff status if the organization grows larger, (3) leaders have a large vision and influence, and (4) a system organizational control is made systematic and up-to-date.

**Keywords :** Business, Management, Universitas Widyatama, BUMDes Raharja

### **1. Introduction**

This research is a series of community service activities in Rancaekek Wetan Village, Rancaekek District, Bandung Regency, West Java Province which aims to build a synergy between BUMDesa "Raharja" and the UKM "Blessing" Business Group in order to improve the economy of the Village community. In macro terms in the economy of Rancaekek Wetan Village, the existence of a village business unit, namely the BUMDesa "Raharja", still has to optimize its role as an engine that drives the community's economy in Rancaekek Village. The business that is run by BUM Desa Rahardja is still hobbling because its supporters have not been active and working well, both the apparatus, the community and other facilities and infrastructure. One of the business partners in Rancaekek Wetan Village is the "Blessing" Business Group with its distinctive products, namely Rengginang, Opak and Kolontong, which are run by the village community and managed in a conventional (traditional and makeshift) way, thus facing difficulties in capitalizing, producing and marketing. The results of observations and interviews with the PKM-Team and partners in the field, BUMDesa Raharja has a major problem, namely the managerial ability of BUMDes managers and in terms of business development.

As a new organization, BUMDes Raharja needs to strengthen both the organization and the management side as well as continuing to develop in the business aspects it is running. BUMDes Raharja as a business certainly has to carry out or plan a business development strategy that is appropriate, structured and covers various time horizons, both short term, medium term and long term. Strengthening the organization and management is needed to support plans or business development strategies carried out by BUMDes Raharja. The purpose of this research is to map the organizational, management and business development model or concept of BUMDes Raharja so that they are able to grow and survive organizationally and business and then be able to provide significant benefits or contribute to their stakeholders.

Management is defined as a process of planning, organizing, coordinating and controlling resources to achieve goals effectively and efficiently (Griffin, 2006). Management development means comprehensive development of the entire management process. Planning development means a company must have a short-term, mid-term, and long-term plan (Heizer & Render, 2011; Heizer, Render & Monsone, 2017). Organizational development means that the organizational structure and function of the company's human resource management must support the company's business life cycle strategy (Priyono, 2010). Coordination development means that companies must have good leadership, leadership and teamwork (Priyono, 2010). Control development means

that the company must be able to have an adequate control system, both in terms of organizational structure and in terms of supervision systems (Priyono, 2010).

Business is the goal of every business organization. Business is defined as the ability to generate profits or the ability to generate sales (Tantri, 2009, Dally, 2012). Business development means a variety of strategies or methods that can be carried out by companies to increase profits and sales (Kodrat, 2009). The ways that can be done to develop a business can be done in various ways if we use a strategic management approach, namely a concentration strategy and a diversification strategy (Wheleen & Hunger, 2012). There are two choices of concentration strategies, namely vertical growth and horizontal growth. Meanwhile, the diversification strategy is divided into two, namely the concentric diversification strategy and the diversification of conglomerates.

A vertical growth strategy can be implemented by expanding the scope of the company's operations with acquisitions (Wheleen & Hunger, 2012). The horizontal growth strategy is implemented by expanding the company's operations to new geographic locations (Kodrat, 2009). The concentric diversification strategy is carried out by adding new products that are still related to old products (Wheleen & Hunger, 2012). The conglomerate's diversification strategy is to create new products and offer or sell them in new markets that are not related to existing products (Kodrat, 2009). Other strategies used in strategic management literatures such as stability strategy and shrinkage strategy are not discussed in this study because this study focuses on business development with the aim of increasing sales and increasing profits. Stability and shrinkage strategies are basically strategies whose objectives are to survive or focus on increasing or maintaining profits derived from operating or cost savings.

In addition to choosing a strategy, the company must also be able to make the right business choices to develop or increase its business scale. Based on the Regulation of the Minister for Disadvantaged Villages of the Republic of Indonesia Number 4 of 2015 concerning the Establishment, Management and Management, and Disbanding of Village-Owned Enterprises, BUMDes can carry out various choices of business activities, including (1) Serving, (2) Banking, (3) Renting, (4) Brokering, (5) Trading, and (6) Holding. Another additional type of business that BUMDes can do is Contracting.

## **2. Research methodology**

The research conducted is qualitative research, thus the method used in this research is descriptive qualitative (Arikunto, 2006). Data analysis in this study used the triangulation method (interview-observation-questionnaire) as commonly used in qualitative research (Sugiyono, 2008). The primary data used in this study were the results of interviews (focus group discussion / FGD), questionnaires, and observations. Secondary data used are in the form of data obtained from archives and reports obtained from BUMDes Raharja. The results of the analysis in this study will produce a model for organizational strengthening, a model for strengthening management, and a model for strengthening (development) business for BUMDes Raharja. The observation unit (the object of the interview and the questionnaire) from this study was the BUMDes Raharja management represented by the Chairman or Director of the BUMDes. While observations were made at BUMDes locations or activities as well as various recent studies (literature) that discussed how to advance BUMDes in Indonesia.

## **3. Results**

### **Management Development of BUMDes Raharja**

From a planning perspective, BUMDes Raharja must cover 3 time horizons, namely the short term, medium term and long term. The short-term planning that must be carried out by BUMDes Raharja has been carried out well in several forms of setting office hours, meetings, routine administration, public relations and promotion activities, and others. Medium-term planning is good enough with an activity plan or work program and an annual budget. Long-term planning is homework for BUMDes Raharja in the form of an annual business development plan, an annual capital increase plan, and an annual profit increase plan, including administrative and business digitization.

BUMDes Raharja currently has an adequate number of administrators, namely 8 people. Some administrators concurrently serve as staff or implementer clerical tasks (routine and administration). If the scale of the BUMDes Raharja business increases rapidly, from the organizational side, it must be anticipated that there will be a separation between management and staff. Management is the BUMDes administrator who is tasked with performing managerial or strategic tasks while staff are ordinary employees who are tasked with carrying out routine administrative tasks. This separation is important so that the organization runs quickly with management

that focuses on business development (organization) and runs in an orderly manner with staff who focus on administration.

In terms of coordination, BUMDes Raharja will be largely determined by the Chairman / Director of BUMDes. The Chairman / Director of BUMDes must be able to motivate the team (management and staff) to have good enthusiasm and performance. A strategic leader's vision (interesting) will provide high energy or motivation for the team to give the best performance. Management and staff must also be able to translate the vision of the Chairman / Director properly according to their respective job desks. Coordination meetings between functions and between the Chair / Director must be held regularly, both weekly and monthly, and of course according to the needs of the organization by taking into account effectiveness and efficiency.

Basically, the control of BUMDes Raharja has gone well, namely in the form of internal control (by the management) and external control (by other stakeholders such as the Village Head, Community, Village Leaders, Ormas and others). In this research, internal control must be an important management concern. This control can be created in the form of: meeting minutes report (weekly / monthly / semester / yearly), performance evaluation (monthly / semester / yearly), evaluation of budget absorption (monthly / semester / yearly), evaluation of monthly sales targets (monthly / semester / yearly). annual), monthly employee performance evaluation (monthly / semester / yearly), and others. Evaluation results and / or reports must be submitted to the relevant parties in an up-to-date and transparent manner..

**Business Development of BUMDes Raharja**

BUMDes Raharja is a village-owned enterprise that has not been established for a long time, which is less than 3 years. Referring to the company's life cycle theory, BUMDes Raharja is currently in the growth life cycle phase. In the growth phase, in theory, the choice of business development strategies that can be made by BUMDes Raharja is a vertical growth strategy and a horizontal growth strategy. The vertical growth strategy in the form of acquisitions does not appear to be able to be carried out by BUMDes Raharja considering that the capital owned by BUMDes Raharja is still not too large. The horizontal growth strategy seems more suitable for BUM Des Raharja, namely in the form of creating new products or services to serve its main market, namely the opak-rengginang-grocery business and the community of Rancaekek Wetan Village.

Apart from the growth strategy, a diversification strategy is also very feasible for BUMDes Raharja to undertake. BUMDes Raharja can carry out concentric diversification strategies as well as conglomerate diversification. Concentric diversification can be done by becoming a supplier of raw materials for opak-rengginang-grocery entrepreneurs as an example. The diversification of the conglomerate can be carried out by BUMDes Raharja in the form of renting a vehicle or providing transportation services..

**4. Discussion**

Based on the results of the research and also the discussion in the previous sub-chapter above, the tables below are presented in the form of a discussion table from the research, which is presented in table 1 and table 2. below. Table 1 below shows a summary of management development strategies that can be carried out by BUMDes Raharja :

Table 1. Management Development for BUMDes Raharja

N o	Management Development Strategies	Implementation at BUMDes Raharja	Management Suggestions at BUMDes Raharja Development
1	Planning	Annual work program Annual expense budget	Short term plan (monthly) Mid-term (annual) plan Long term plan (1 to 5 years)
2	Organizing	Management (concurrently staff / employees)	Management & Staff
3	Coordinating	Leader and leadership Tim work Coordination	Determining the vision, mission and strategic objectives Daily meetings, weekly meetings, monthly meetings, semester meetings, annual meetings
4	Controlling	Weekly meetings Monthly meeting	Meeting minutes report (weekly / monthly / annual)

Annual meeting	Evaluation of budget absorption
Annual report	Evaluation of sales targets
	Evaluate employee performance

Source : FGD (2021)

Furthermore, table 2 shows a summary of the discussion related to alternative methods or strategies for Business Development that can be carried out by BUMDes Raharja, which are as follows:

Table 2. Business Development Strategies for BUMDes Raharja

No	Business Development Strategies	Implementation at BUMDes Raharja	Business Development Advice on BUMDes Raharja
1	Vertical Integration	Not Yet Implemented	Do not do it yet because the company's capital is not strong (it is necessary to explore to raise funds from the government, community leaders, and banks)
2	Horizontal Integration	has been done	The types of products and services as well as the market share are still very potential for growth
3	Concentric Diversification	Will be implemented	It is very potential to be developed (for example: becoming a supplier of raw materials and / or a distributor of products from an opaque-grocery-rengginang company in Rancaekek Wetan Village.
4	Conglomerate Diversification	Will be implemented	Very potential to be developed (for example: providing car rental, providing rental buildings, and others)

Source : FGD (2021)

## 5. Conclusion

Through community service activities (PKM) and research carried out, it can be concluded that even though it was recently established, BUMDes Raharja has the potential to develop very large both in business and organization. There are many ways that BUMDes Raharja can develop its business, namely by using several business development strategy options, including (1) Horizontal Integration, (2) Concentric Diversification, and (3) Conglomerate Diversification. In addition to business development, of course to be strong organizationally, the management of BUMDes Raharja must also develop in terms of planning, organizing, coordinating and controlling in every activity. Practical advice from this research is that BUMDes managers can immediately try to implement one or more of the strategies offered by considering more about the existing opportunities, threats, strengths, and weaknesses. Academic suggestions from researchers, it is hoped that a general BUMDes management and business development model can be made or researched to be used as a reference for BUMDes-BUMDes in Indonesia.

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