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## Village (Gampong) Owned Enterprises with Local Wisdom Between Opportunities and Threats in The Area Of COVID-19 Pandemic (Research at The Government Environment of Lhokseumawe City)

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### ABSTRAK

Sebelum munculnya Covid-19 yang berkembang di seluruh dunia, Pemerintah Pusat Indonesia telah mengeluarkan Undang-Undang Nomor 6 Tahun 2014 tentang Desa, yang merupakan kebijakan yang mengatur tingkat penyelenggaraan Desa. Namun dalam undang-undang ini tidak ada alokasi dana pembangunan dan pemberdayaan desa yang menjadi basis masyarakat pada tingkat penyelenggaraan pemerintahan desa (gampong). Dana yang bersumber dari APBN, APBD Provinsi atau Kabupaten, diharapkan dapat mendukung kemajuan desa menjadi desa mandiri yang mampu menata dan mengelola. Alokasi dana desa dalam bentuk Anggaran Pendapatan dan Belanja Desa (APBG) diarahkan untuk membiayai kegiatan pemerintahan, pembangunan, dan pemberdayaan masyarakat. Untuk itu, Pemerintah telah mengeluarkan kebijakan khusus penanganan Covid-19 dengan mengalokasikan Dana Desa untuk mengatasi permasalahan yang timbul akibat pandemi Covid-19. Khusus untuk bidang ekonomi melalui pembentukan Badan Usaha Milik Desa (BUMG) yang menjadi penggerak usaha untuk meningkatkan kualitas hidup dan mewujudkan kesejahteraan masyarakat pedesaan. Dengan pendekatan kualitatif deskriptif menggunakan tiga metode yaitu observasi, wawancara dan analisis dokumentasi. Penelitian ini bertujuan untuk mengetahui potensi usaha dengan kearifan lokal melalui analisis SWOT dengan fokus pada Badan Usaha Milik Desa. Berdasarkan analisis SWOT, pada akhirnya Badan Usaha Milik Desa akan memfasilitasi kegiatan dalam mewujudkan rencana yang sesuai dengan kearifan lokal untuk kesejahteraan masyarakat khususnya di era pandemi Covid-19.

### ABSTRACT

Before the emergence of Covid-19 which developed throughout the world, the Indonesian Central Government had issued Law Number 6 of 2014 concerning Villages, which is a policy that regulates the level of Village administration. However, in this law there is no allocation of development funds and village empowerment which is the basis of the community at the level of village government administration (Gampong). Funds sourced from APBN, APBD Province or Regency, hope to support the progress of the village to become an independent village capable of organizing and managing. The allocation of village funds in the form of a Village Revenue and Expenditure Budget (APBG) is directed to finance government activities, development and community empowerment.

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For this reason, the Government has issued a special policy to handle Covid-19 by allocating Village Funds to address problems arising from the Covid-19 pandemic. Especially for the economic sector through the formation of Village-Owned Enterprises (BUMG) which is a business driver to improve the quality of life and realize the welfare of rural communities. With a descriptive qualitative approach using three methods, namely observation, interviews and documentation analysis. This study aims to determine business potential with local wisdom through a SWOT analysis with a focus on Village-Owned Enterprises. Based on the SWOT analysis, in the end, Village-Owned Enterprises will facilitate activities in realizing plans in accordance with local wisdom for the welfare of the community, especially in the era of the Covid-19 pandemic.

## INTRODUCTION

Government sets policies in the context of empowerment to improve the quality of village autonomy in managing the resources owned by each village independently; one of which is by utilizing government institutions owned by the government at the lowest level of government administration. One of the most important institutions owned by the village at this time is the Village-Owned Enterprise or known as BUMDes. With the role of the village head as the driving force in the area he leads (Wicaksono, 2020). This institution is known as the Village (*Gampong*) Owned Enterprise (BUMG) in Aceh Province and Lhokseumawe City in particular. Each village (*Gampong*) must take full advantage of this institution and must be rigorously engineered. To realize the expectation of establishing this Village-Owned Enterprises, the support from the government, business actors, academics, and the village community must be actualized and follow up the results. One of the actual potential empowerments of the villages is an effort and solution for the realization of the village community welfare in the future. Therefore, the villages' quality improvement and autonomy empowerment by the government must be intensified so that the villages have the ability to manage their own resources independently. This effort can be performed through Village-Owned Enterprises institutions, and the results will be more effective under the cooperation of the villages' government and the people.

The existence of Village-Owned Enterprises is expected to be the driving force for the villages' economy through various economic empowerment activities, in accordance with the potential of each village (Serambi Indonesia, 19 Dec. 2019). Currently, the villages' potential has not been optimally utilized to create job opportunities for the community according to local wisdom, to help the poor, unemployed, and vulnerable groups with the impact of Covid-19 pandemic in their respective villages. Most of the Village-Owned Enterprises that have been formed in Lhokseumawe City are still in the pilot category and are growing since they do not have productive activities, and even if they have certain objects, the turnover is still relatively minor. Therefore, continuous assistance from the government is needed, in terms of managerial improvement of Village-Owned Enterprises management, financial management, and marketing of Village-Owned Enterprises products themselves. (Interview with Drs. Bukhari, S.Sos, M.Si - Leader of Village Community Empowerment of Lhokseumawe City, August 3, 2020).

The enactment of Law Number 6 of 2014 concerning on Villages is a policy that becomes the basis for allocating village funds with various funding allocations that can do much hope to the village to improve well-being (Diana, 2019). For example, in 2020 each village received villages' funds in the form Village Income and

Revenue Budget (APBG) ranging from IDR. 1,239,724,900.00 (Village of Kuedee Puenteut, Sub-District of Blang Mangat up to IDR. 1,999,496,800.00) Village of Mns. Panggoi, Sub-District Muara Dua, while other 66 villages were in the range of the two villages mentioned above. The funds were allocated through State Budget, Provincial Government Budget, and City or Regency Government Budget. With this policy, it is expected that the villages will be able to develop more independently. Moreover, each village's government have the authority to regulate and manage their domestic issues. Currently, this authority is an important issue and has the attention of entire levels. The village funds is utilized for various purposes with regulations issued by each level of government, and one of which is allocated to finance or as the capital for the establishment and development of Village-Owned Enterprise (BUMG). The basis for this regulation is article 87 to article 90 of Law Number 6 of 2014 concerning on Villages.

The Lhokseumawe City Government in preparing the Village Income and Expenditure Budget has allocated a number of funds for 68 (sixty eight) villages, with varying amounts of funds. In 2017, it was IDR. 54,952,211,024, in 2018 was IDR. 51,910,584,198, in 2019 was IDR. 110,508,969,594, and in 2020 after being rationalized and adjusted to the development of Covid-19, the amount of Village Income and Expenditure Budget Funds in the Lhokseumawe Government, after the Amendment was IDR. 107,277,634,715.00. These funds were allocated partially for the establishment and development of Village-Owned Enterprises. Data and information obtained from the Community and Village Empowerment Service (DPMG) of Lhokseumawe City show that the Village Income and Expenditure Budget funds were allocated partially to the Village-Owned Enterprises. This allocation had been started since 2017, 2018, and 2019. While in 2020, there were many villages that no longer allocating the funds because they had disbursed funds in 2017, 2018, and 2019. Specifically, in 2020, the allocation of fund Village-Owned Enterprises was performed in the villages in Muara Dua with a total of IDR. 1,600,000,000 for each village (16 villages except Blang Poroh village). Although not all villages in the four sub-districts in Lhokseumawe City did not allocate village funds, since it had been budgeted for the previous year, the steps taken by Village-Owned Enterprises in Muara Dua Sub-district were a breakthrough and new innovation in accordance with the law. However, we are waiting for the development of the results as directed by the chief governing officer at the Community and Village Empowerment Office. This is a progress achieved in 2020 in Village-Owned Enterprises governance, in which the implementation of management with cooperation model is expected to realize independent Village-Owned Enterprises in each village, so that it is not monotonous as in previous years (Interview with Teguh Heryanto, S.STP, M.Si, Head of Community Development and Community Economic Empowerment of Community and Village Empowerment Office of Lhokseumawe City, August 5, 2020).

It is expected that by determining the external and internal factors, the strengths and weaknesses can be analyzed and the opportunities as well as threats faced by Village-Owned Enterprises can be read; therefore, strategic policy policies will be created, which can be used as programs and activities with local wisdom, especially to deal with current situations and conditions due to the pandemic. Covid-19 has become a more profitable and prosperous situation.

## LITERATURE REVIEW

Village economic resilience through Village-Owned Enterprises must be able to be defined to realize community welfare, by paying attention to the actual conditions of each village. This will facilitate the adaptation of various aspects related to the community welfare in accordance with each village's local

wisdom. Welfare that does not "imitate or follow" the parameters of other villages or places. Welfare that "adapts" to what God has given in the form of nature and agricultural products as well as the uniqueness of the community (Rika Fatimah, 2019). The establishment and development of Village-Owned Enterprises are intended to be an economic institution as well as the people's productive business. The main goal is for the people's welfare, especially the village community (Adawiyah, 2018).

The development of the villages' situation and condition, especially in the current development of Covid-19 pandemic which is hitting this region and country, presents the village with various threats as well as opportunities. This means that the villages are also affected by the development of their environment internally and the development of globalization that has occurred in various parts of the world, which has an impact on them, including their Village-Owned Enterprises. The villages must be able to identify the existing conditions and potentials and be able to determine strategies to provide solutions to obstacles in managing Village-Owned Enterprises as a village economic institution. In addition, Village-Owned Enterprises is also supported by guaranteed financial resources and quality human resources, all of which greatly affect the operation of Village-Owned Enterprises which ensures this institution's profit and sustainability. Therefore, this research is important in order to reveal that independent village communities, with their strengths, also have weaknesses. Finally, by understanding the actual conditions, opportunities, and threats faced by Village-Owned Enterprises, including the development of Covid-19 pandemic that has hit the villages. Therefore, in the management of BUMG it is necessary to apply strategic management that is able to manage and anticipate internal and external factors by developing advantages and taking advantage of opportunities to achieve organizational goals and objectives. The formulation of the strategy addresses the problem of how to manage organizational resources and the problem of organizational interaction with its external environment (Tangkisan, 2005).

The SWOT analysis is descriptive and subjective and there may be differences from one region to another (Bakhri et al., 2019). SWOT analysis is carried out by conducting an internal and an external assessment (Rangkuti, 2008). SWOT analysis can be carried out on the current condition of Village-Owned Enterprises by conducting literature review, observation, and in-depth interview. The internal factors referred to are originating from the village's environment and administration. Meanwhile, external factors are originating from the environment outside the village and village administration, including the effects of Covid-19 which have developed and greatly affected the lives and livelihoods of the community in these areas. Internal assessments are carried out on the strengths and weaknesses of village-owned enterprises. External assessments are carried out on opportunities and threats for Village-Owned Enterprises (Adawiyah, 2018).

Since the Internal and External Factors are identified, the next step is to make a strategic plan based on the analysis of Strengths, Weaknesses, Opportunities, and Threats. Strategic plan is a plan performed by adapting the institutions, organizations or government agencies to get used to their external environment. Institutions or organizations that cannot adapt to the changes in the external environment could experience declines or failures. If viewed from management perspective, strategy is an effort to develop an advantages or institutions in a competitive external environment for the achievement of organizational goals and objectives (Tangkisan, 2005). The aim is to exploit and create new and different opportunities for the future by optimizing current trends. In terms of management, strategy is not only considering about what is needed now, but also what is expected to happen in the future. For this reason, the implementation of strategic management must produce strategies that are useful for achieving organizational goals (Ihsan, 2018). In

management applications, strategies can be divided into four, namely the strategies to invest, maintain, determine, and divestment or damage control (Allison & Jude, 2005).

## RESEARCH METHODS

This research applied a descriptive qualitative approach. The research implementation was not only limited to collecting and compiling data but very inclusive and complex, which included data analysis and interpretation, then the data collected became the key or answer to the research examined. This research was conducted in Lhokseumawe City, as one of the areas exposed to Covid-19 pandemic from the initial status of green zone, then developed to red zone, then finally developed to an orange zone. Besides the considerations of being the nearest place to visit, this place had not shown a decline in its development of Covid-19 pandemic. Thus, this location was selected based on safety consideration as well as the availability of both primary and secondary data. Furthermore, the research informants were determined purposively, specifically paying attention to certain criteria, such as occupation, position, and competence, as well as the Spokesperson for the Task Force for the Acceleration of Handling Covid-19 of the Aceh Government, the Head of DPMG Lhokseumawe City / his staff and the Head of the Lhokseumawe City Health Service who also serves as the Covid-19 Response Task Force Team of Lhokseumawe. All of this information is considered as a source that can respond to the problems, as contained in the research title. Furthermore, for data collection, three methods were carried out including observation, interview with data sources, and analysis of several documentation, especially data documents on Village-Owned Enterprises and Covid-19 in competent work unit. All the data obtained were analyzed with the aim of solving problems arising from the research.

## RESULTS AND DISCUSSIONS

### Covid-19 and Its Development in Lhokseumawe City

Covid-19 is a contagious disease caused by corona virus which was discovered in 2019. Most people with Covid-19 will experience mild to moderate symptoms. The spread of Covid-19 is mainly transmitted through droplets (coughs, sneezes or exhales) from an infected person. This droplet is too heavy and cannot stay in the air, so it quickly falls and sticks to the floor or other surface. "You may catch it when you inhale air containing the virus if you are too close to someone who is already infected with COVID-19. You may also be infected if you touch a contaminated surface and then touch your eyes, nose or mouth" ([www.who.int/emergencies/diseases/novel-coronavirus-2019](http://www.who.int/emergencies/diseases/novel-coronavirus-2019) retrieved on August 14, 2020)

The spread of Covid-19 is really fast. A person can be diagnosed as infected or not within 14 (fourteen) days after contacting the carrier of Covid-19. There are several levels of regional categories related to the spread of Covid-19, or known as zones:

- a. Red Zone is a high-risk area;
- b. Orange Zone is a medium risk area;
- c. Yellow Zone is a low risk area, and
- d. Green Zone is the regency/city that is not or has not been exposed.

Based on the information from the Spokesperson for the Aceh Government's Covid-19 Handling Acceleration Task Force, Saifullah Abdulgani, SH, said that "The Covid-19 Central Task Force released the last Risk Zoning

Map on July 26, 2020 via the Covid19.go.id page as mentioned above. The zoning of the area was calculated based on indicators of public health using scoring and weighting, such as epidemiological indicators, public health surveillance, and community service indicators (interview with Mr. Saifullah Abdulgani, S.H, on 16 August 2020).

### **The spread of Covid-19 in Lhokseumawe City**

Furthermore, based on an interview with dr. Said Alam Zulfikar, Head of the Lhokseumawe City Health Service who is also the spokesperson for the Lhokseumawe Covid-19 Handling Task Force Team, said that "Lhokseumawe City based on the Covid19.go.id page is categorized as an orange zone, which is an area at moderate risk, and has not yet thought about implementing the Large-Scale Social Restrictions (PSBB), although there were 61 people who were confirmed Covid-19 from March to August 2020. Most of whom had recovered and had returned to their homes, but now there are only 3 people left with two people in independent isolation and one person was treated at RSU outside Lhokseumawe City (Interview with Said Alam Zulfikar Spokesperson of the Team for the Covid 19 Handling Task Force, Lhokseumawe City, August 16, 2020).

However, in the news of Serambi Indonesia Newspaper, on August 18, 2020, there was an increase in People Under Supervision (ODP) to become Patients Under Supervision (PDP) throughout Aceh as many as 168 Covid-19 positive patients. Specifically, for Lhokseumawe City, there were six people. (Serambi Indonesia, Tuesday Edition, 18 August 2020). The spread of Covid-19 in Lhokseumawe City is almost even in villages of the four sub-districts. "Furthermore, in overcoming Covid-19 with indications of an increasing spread, especially by concerning on the developments at national and regional levels in Aceh, and Lhokseumawe City in particular, we need to take more efforts to reduce the spread of Covid-19 by conducting socialization to the people in the villages through the Task Force Team, Civil Servant's Wives, and the Family Welfare Programme, so that all people in the villages are pleased to wear masks during their activities. This is the key, followed by other health protocols such as washing hands, shaking hands, getting together in crowd, markets, offices, houses of worship, schools, mosques, and so on. (Interview with Said Alam Zulfikar, Spokesperson of the Covid-19 Task Force Team, Lhokseumawe City, August 16, 2020).

However, the Aceh Indonesian Doctors Association (IDI) sees the Covid-19 symptoms which are increasingly showing an escalation. This can be seen in a spike in positive cases in Aceh Province from only 20 positive cases in June 2020 to 674 cases in August 2020. In fact, right on August 17, 2020 which coincided to Indonesia's 75th Independence Day, Aceh was positive for Covid-19 as many as 168 people, so that the number of people exposed to Covid-19 exceeds the number of 1000 people or 1,039 people, precisely (Serambi Indonesia, Tuesday Edition, 18 August 2020). Seeing the increasing development of Covid-19, the right steps were taken by the Indonesian Doctors Association (IDI) to recommend the Aceh Government to re-impose Large-Scale Social Restrictions (PSBB) for Aceh Province. This recommendation is contained in the Letter of Indonesian Doctor Association (IDI) of Aceh Number 594/IDIACEH/VIII/2020 dated 10 August 2020.

The IDI proposal received the support of President Joko Widodo, during a visit to Aceh on Tuesday, August 25, 2020, in which he offered to apply the PSBB not only to every City/District, but to the lower level of government, named the Village (*Gampong*) level. This is solely to control the spread of Covid-19, at the same

time asking the Regional Military Command Commander and Head of Regional Police to back-up the Acting Governor of Aceh (Serambi Indonesia, Wednesday, August 26, 2020).

However, the latest data by 27 August 2020, Covid-19 in Lhokseumawe City also showed an increase. This is based on an interview with Said Alam Zulfikar, spokesperson for the Covid-19 Task Force for Lhokseumawe City, which stated that there was an increase in Covid-19 in Lhokseumawe, "The increase in Covid-19 in Lhokseumawe is currently very significant, there are 78 people of Person Under Supervision (ODP), there have been additional cases of 5 people. Then, the number of Patient Under Supervision (PDP) were 19 people, and those who finished monitoring were 59 people, and they were isolated independently at home. The latest development, the number of confirmed positive corona is 52 people, 2 people are treated at RSUCM, and the remaining 50 people will have the treatment by independent isolation method". (Interview with Said Alam Zulfikar, spokesperson for the Covid-19 Task Force for the City of Lhokseumawe, August 27, 2020).

### **Village-Owned Enterprises (BUMG) With Local Wisdom**

One of the important issues in the nation and state of Indonesia is how to realize development and community empowerment that is evenly distributed throughout the country. This issue is addressed by the government and society by strengthening and developing the resource base at lower levels of government. This potential is possessed by the *Gampong* or Village. The issuance of Law Number 6 of 2014 concerning on Villages, is one of the government policies to build the lowest community base in case of national management. In *Gampong* or village, there are various interests and life of the people who crave for handling and touch. This policy is a major effort and movement from the government, which has been started since 1971, by allocating the roll-out of rural development programs in the form of village fund allocations, such as the Village Presidential Instruction, whether charged through the State Budget, Provincial Government Budget, and Regency/City Government Budget.

The potential that is developed through the policy of allocating funds for community development at the lowest level, which is village or village-based, is the policy of developing potential with local wisdom through Village-Owned Enterprises (BUMDes). This program is included in the indicative budget ceiling of the Village/*Gampong* Revenue (APBD/G). Within the Lhokseumawe City Government, this Village-Owned Enterprise is known as BUMG (*Badan Usaha Milik Gampong*). This institution is getting stronger with the issuance of Village Minister Regulation Number 4 of 2015 and the issuance of Regional Regulation (Qanun) of Lhokseumawe City Number 1 of 2015 concerning on Village (*Gampong*) and Regulation of the Mayor of Lhokseumawe Number 3 of 2017 concerning on the Establishment, Arrangement, Management, and Dismissal of Village-Owned Enterprises.

By this policy, Village-Owned Enterprises can move proportionally as an effort to accommodate all activities in the economic sector as well as public services for the village community which are managed independently or in collaboration with Village-Owned Enterprises among *Gampong* (villages). The issuance of this policy further accelerates the realization of stability in various fields, especially economically, because the aims of Village-Owned Enterprises are: a. Improving the Villages economy, b. Optimizing village assets to be useful for the village welfare, c. Increasing community efforts in managing the economic potential of the village, d. Developing plans for business cooperation among the villages and/or with third parties, e. Creating market opportunities and networks that support the public service needs of the people, f. Creating job opportunities,



- g. Improving community welfare through improved public services, village economic growth and equity, and
- h. Increasing village community income and Village Original Income (Article 3 of Lhokseumawe Mayor Regulation Number 3 of 2017).

Given the large potential developed by the Village-Owned Enterprises in order to manage resources or potential that will provide added economic value to the village and society, the Village-Owned Enterprises must be able to read and understand the actual conditions in the villages as a manifestation of local wisdom that does not contradict the customs in society. Village-Owned Enterprises must also be able to carry out service functions that bridge the various interests of the community to obtain social and economic rights, which are in accordance with the development plan designed by the Village Government, or known as the *Gampong/Village Government Work Plan (RKPG)*. Another important thing is that the existence of BUMG can increase community empowerment, specifically increasing the capacity and ability of the community to develop the potential and resources of the village and community to provide added value to improve the quality of life and livelihoods. Therefore, in developing the potential, we must concern to the actual conditions as local wisdom that lives and develops in the village which is always associated with a. Initiatives of the government and community of the villages, b. The potential for existing and developing economic enterprises in society, especially those related to natural resources and human resources capable of boosting Village-Owned Enterprises development, and c. Capital support for the Village-Owned Enterprises in the form of financing and property to run business operations of this institution. The Village-Owned Enterprise's work that is in accordance with the conditions and potentials is a strategic first step to be able to compete, of course with reliable and professional governance, both for the community and the Village Government itself, especially with regard to increasing Original Income of the Villages. Therefore, in managing Village-Owned Enterprises, it is necessary to determine factors that hinder Village-Owned Enterprises, as well as looking for a suitable model to improve and develop Village-Owned Enterprises to be more competitive and able to compete in today's global era.

### **Village-Owned Enterprise' Works based on Local Wisdom**

It has become a common discourse and discussion, that the existence of Village-Owned Enterprises is expected to be the driving force of the villages' economy through various economic empowerment activities, in accordance with the potential possessed by each village. Many villages are currently not utilizing their potential to narrow the gap, such as activities that can create job opportunities for the community, especially to help the poor and unemployed, as well as other vulnerable groups. Village-owned enterprises that have been formed are still looking and searching for opportunities to grow, and most Village-owned enterprises do not have productive activities yet, so their turnover is relatively minor. Therefore, continuous assistance from the government is needed, both in terms of managerial improvement of Village-Owned Enterprises management, financial management, and marketing of the results of Village-Owned Enterprises' products (Serambi Indonesia, 19 December 2019). One effective effort can be made by encouraging that each Village Income and Expenditure Budget in respective village is required to allocate a portion of its funds as Village-Owned Enterprise's capital support in the *Gampong/Village Budget*. The availability of funds from the Village Income and Expenditure Budget is a first step that will greatly assist and encourage Village-Owned Enterprises to work on various potentials based on the local wisdom of respective villages.

The Lhokseumawe City Government in Village-Owned Enterprises content shows serious concerns. It can be seen from the allocation of Village Income and Expenditure Budget funds directed to the Village-Owned Enterprises. The data obtained from the Village and Community Empowerment Service of Lhokseumawe City indicates that the City Government shows a great concern. For example, the funds provided for two years, specifically 2017 and 2018, are highly motivated first step for the development of Village-Owned Enterprises as the vanguard to improve living standards as well as increasing Village Original Income (VOI). The 2017 Lhokseumawe City Income and Expenditure Budget Fund is provided in the amount of IDR. 12,006,790,218 (twelve billion six million seven hundred ninety thousand two hundred and eighteen thousand rupiah). Meanwhile in 2018, the City Government of Lhokseumawe provided funds as additional capital for Village-Owned Enterprises of IDR. 6,422,379,804 (six billion four hundred twenty-two million three hundred seventy-nine thousand eight hundred and four rupiah). Furthermore, for 2019, IDR. 747,597,473 (seven hundred and forty-seven million five hundred ninety-seven thousand four hundred and seven three rupiah). Meanwhile for 2020, only Muara Dua Sub-District has set the allocation of additional Village-Owned Enterprises funds for each village with a ceiling of IDR. 1,600,000,000 (one billion six hundred million rupiah), except Blang Poroh Village. The Head of Village and Community Empowerment Service of Lhokseumawe City stated that “the small allocation of funds for Village-Owned Enterprises in 2019 was due to the Village-Owned Enterprises program financing in general having been accommodated in the previous year. While for 2020, only Muara Dua District proposed Village-Owned Enterprises funds, for 16 villages except Blang Poroh village, with a proposal of each Village of IDR. 100,000,000. Thus, the 2020 Village-Owned Enterprise Fund is IDR. 1,600,000,000 (one billion six hundred million rupiah). The work pattern of Village-Owned Enterprises for Muara Dua Sub-District was implemented with Inter-Village Cooperation Pattern Model, and this was a new breakthrough in 2020.” (Interview with Bukhari, S.Sos, M.Si, Head of Village and Community Empowerment Service, Lhokseumawe City, August 9, 2020). For more details, the number of City Income and Expenditure Budget funds contained in the Village Income and Expenditure Budget for each Sub-District for four years of 2017, 2018, 2019 and 2020 are as follows:

**Table 1. Fund Allocations for Village-Owned Enterprises of Each Sub-District, 2017 - 2020 In the Lhokseumawe City Government Environment**

NO	SUB-DISTRICT	NUMBER OF VILLAGES	VILLAGE-OWNED ENTERPRISES FUNDS ALLOCATION				NUMBER OF BUSINESS UNITS
			2017	2018	2019	2020	
1	BLANG MANGAT	22	3,478,877,491	1,247,714,931	-	-	27
2	MUARA DUA	17	3,332,920,163	1,369,605,622	-	1,600,000	27
3	MUARA SATU	11	2,171,842,693	905,567,327	90,000,000	-	16
4	BANDA SAKTI	18	3,023,149,871	2,899,491,924	657,597,473	-	23
	<b>TOTAL</b>	<b>68</b>	<b>12,006,790,218</b>	<b>6,422,379,804</b>	<b>747,597,473</b>	<b>1,600,000</b>	<b>93</b>

Source: Village and Community Empowerment Service, Lhokseumawe City, 2020

Based on the table above, it can be said that the Lhokseumawe City Government has a great concern about making efforts to develop Village-Owned Enterprises by requiring the village to provide capital funds through Village Income and Expenditure Budget for Village-Owned Enterprises in each village in the four sub-districts. For this reason, continuous assistance from the Lhokseumawe City Government is needed through the technical service, both in terms of improving Village-Owned Enterprises management, financial management, and marketing, from the results of Village-Owned Enterprises' products themselves. This is important to do in the current era in order to empower people during the Covid-19 pandemic which is increasingly tense in every corner of the country. The researchers believe that every business sector that each Village-Owned Enterprise is engaged in, as long as the business is carried out seriously and responsibly, good and useful results will definitely be obtained, and it will have a positive impact on improving the community welfare and village government.

Village-owned enterprises also work in various fields and must be adjusted to the potential and local wisdom of each village. The following are business fields that are worked on in accordance with the potential and local wisdom of each village.

**Table 2. Village- Owned Enterprises Field Work in The Environment of Lhokseumawe City Government, 2017-2020**

No.	SUB-DISTRICT	TOTAL FUNDS FOR 2 YEARS	BUSINESS FIELDS	DESCRIPTION
1	BLANG MANGAT	4,726,592,422	Cattle Fattening Unit, Cap Embroidery Business Unit, Pucuk Rubong Embroidery, Shrimp Cultivation, Fish Drying, Paddy Field Pawn, Rental Business, Greeting Board, Subsidized Gas Cylinder Sales, Electricity Payment Business, Grocery Store Business, Boarding House Rental, coffee Shops and Rice Sales, Sugarcane Cultivation, Parking Land Leases, Dump Truck Rentals, and Doorsmeer Businesses	27 Types of Business in 22 locations of Village-Owned Enterprises
2	MUARA DUA	4,702,525,785	Children's Playground, Canteen and Photocopy, Supermarkets, Fishery Cultivation, Bread Industry, Rice Purchasing and Rice Production, Party Equipment Rental, Cattle Fattening, Gas Base, Groceries and Coffee Shop, Baitul Qiradh, Billboard, Village Drinking Water, Red Onion Planting, Integrated Welding Workshop, Village Pedicab, and Corn Planting	27 Types of Business in 17 locations of Village-Owned Enterprises
3	MUARA SATU	3,167,410,020	Cattle Fattening, Concrete Mixer Rental Services, Goat Fattening, Broiler Chicken Farming, Refill Water Depot, Party Equipment Rental, Aini Qua Distributor, Gazebo coffee shop, Wedding	16 Types of Business in 11 locations of Village-Owned Enterprises

			equipment, Goat Farm, Catfish Farming, and Puemawah	
4	BANDA SAKTI	6,580,239,268	Flower Boards, Culinary Stalls, Workshop, RO Drinking Water, Goods Transportation Car Services, LPG Base, Mini Market, Ice Cube Sales, Party Equipment Rental, Grocery Sales, Garbage Transport Services, Banana Boat Rentals, Photo Studio, Stone Breaking Machine Business (Mini Cruiser), Haircut and Culinary Stalls Rental	23 Types of Business in 18 locations of Village-Owned Enterprises

Source: Village and Community Empowerment Service, Lhokseumawe City, 2020

The table above shows the areas within the scope of work of Village-Owned Enterprises in Lhokseumawe City, which are regional original potentials. These potentials have developed and became the work of Village-Owned Enterprises as a local wisdom-work in Lhokseumawe City, all of which are supported by resources and capital source from Income and Expenditure Budget of Lhokseumawe City within a period of four years, specifically 2017 to 2020.

**Opportunities and Threats of Village Owned Enterprises Based on SWOT Analysis**

Village-Owned Enterprise is the part of an institution that can support the community welfare, and of course this prospect is accompanied by an increase in the use of resources owned both natural and human resources. Various potentials that are the source of Village-Owned Enterprise's scope of work reaching 93 fields, ranging from natural beauty, cultural uniqueness, and social potential in all of its aspects, in addition to human resources, which are supported by community organizations to drive the dynamics of socio-economics and socio-cultural that develop as local wisdom of Lhokseumawe City.

Referring to the work scope map that has various potentials as the resources, the development of cultivation and development is strongly affected by human resources possessed by the village. Internally, the characteristics of village community in general has the encouragement for rapid changes in social life in the community, and foster collective awareness to improve the quality of life, and look for opportunities by calculating threats, as well as internal auditing as a moment for self-evaluation, both in terms of strength and weaknesses that become the obstacles and hindrances in realizing a prosperous Village-Owned Enterprises for local communities. This is built by the existence of internal-external relationships, proactive action, cohesiveness, and mutual trust in building socio-economic networks supported by benevolence spirit for mutual benefit as a reflection of the strength of society (Inayah, 2013).

Concerning on the scope of work of Village-Owned Enterprises object, which is not fully maximized and controlled, which has an effect on the quality of Village-Owned Enterprises products and the readiness of the community to assess the benefits of a prosperous Village-Owned Enterprises, the researcher attempted to evaluate an independent and prosperous Village-Owned Enterprise, which in its dynamics is affected by very urgent and fundamental factors. These factors are the strength and the weakness which are serious threat if they are not managed carefully. These are called internal factors. Furthermore, the next affecting factors are

external factors, namely Opportunity and Threats. These factors are commonly used to evaluate the internal and external of each organization, or known as a SWOT analysis.

Village-owned enterprises have a role as social entrepreneurs engaged in the economic and social fields and are responsible for providing services to the village communities (Ramadana et al., 2010). The responsibility imposed on each Village-Owned Enterprise makes the Village institution to be more complex than other business entities. Each village has various internal problems. This is due to the different (heterogeneous) economic, social, political, geographic and social orders. The SWOT analysis of Village-Owned Enterprises in the city of Lhokseumawe is as follows:

## Internal Factors

### 1. Strength

- a. The potential of promising local resources.

The resources in question may come from natural resources in the form of landscapes that can be used as tourist attractions such as beaches (tourism), reservoirs, historical sites, culinary delights, and so on. All of these resources can be managed and utilized by Village-Owned Enterprises in order to provide appropriate and optimal benefits, as well as efforts to conserve and avoid damage. One of the Village-Owned Enterprises that manages the beach is located in Villages of Hagu Barat Laut, Ujong Blang, Hagu Tengah, and Batuphat Barat. The reservoir is located in Jeulikat Village, a historical site in Blang Pulo, culinary delights are found in Lancang Garam, Old Javanese Village, Pusong, Mon Guedong, Keude Aceh and others. Village-owned enterprises should utilize them to improve community and village government income in the form of Village Original Income (VOI).

- b. The Uniqueness of local products.

Village-owned enterprises must be able to utilize the uniqueness of local products, such as the embroidery business of skullcaps, shoots of bamboo sprout, typical batik of the villages or Lhokseumawe City. The uniqueness of this local product should be patented so that it cannot be imitated by other irresponsible parties.

- c. Enthusiasm of the village community.

This can be seen through the people's trust in Village-Owned Enterprises. They are willing to be directly involved in the management of Village-Owned Enterprises because of a sense of belonging, especially if the Village-Owned Enterprises can carry out public service functions, which are not decentralized by the central government or top-level local governments, both provincial and city government. As happened in the savings and loan business of the village community, they do not want to be trapped in loan sharks and usury practices. This local wisdom needs to be developed.

- d. Village government's support

Village-owned enterprises within the Lhokseumawe City Government have received tremendous encouragement from the village government in carrying out their duties. Although this institution is separated from the village government, it has the full support of the Village Government apparatus, both from the Village Head (Guechik) and the Village Consultative Body (BPD) or known as "Tuha Puet". In addition, the Village-Owned Enterprises always receive support from the village government through the Village Income and Expenditure Budget. In fact, the Lhokseumawe City Government through its regulatory policy encourages each village to set aside a portion of its Village Income and Expenditure Budget funds for the Village-Owned Enterprises.

**2. Weakness**

- a. Human resources of the management apparatus are less professional.  
 One of the weaknesses of Village-Owned Enterprises is the capability of the management apparatus that is less professional. They need special education on management, financial management and accountability, as well as marketing. Meanwhile, the reliable and capable management apparatus resources have joined other organizations and institutions that are far more advanced, and these institutions are located in the downtown of Lhokseumawe and its surroundings because they are more professional and have high remuneration;
- b. The data of potency as the primary support is not available from the Village Government including the City Government.  
 The lack data of potency results in activities carried out by the Village-Owned Enterprises to be less than optimal. Each village should have a map of potency from the results of survey conducted by a reputable survey institution.
- c. There are some people who are indifferent to Village-Owned Enterprises and unwilling to participate. Many village communities feel that their abilities are poor and they do not have certain skills, so that it has an impact on their readiness and willingness to participate. In addition, the offers by the Village-Owned Enterprises sometimes do not match their expectations, and eventually they become skeptical of this institution;
- d. Product marketing that is less optimal.  
 Although on a small scale, Village-Owned Enterprises is currently producing products and benefits for the community, but the marketing is still not optimal. The products are sometimes promoted through advertising or outreach to the public. In a more sophisticated capacity, it can be performed online by utilizing currently developing technology.

**3. Opportunities**

- a. Great concern from the Central, Provincial, and City Governments.  
 The issuance of Law number 6 of 2014 concerning on Villages is one proof that the central government hopes that the lowest level government (*Gampong*) can play a major role in developing the Indonesian community and nation, as it is fully realized that Indonesia's population is based on villages. Therefore, *Gampong* (village) must get more concern so that the community problems can be responded more quickly.
- b. Funding support by the Central Government.  
 The Village Government received great assistance by disbursing Village fund allocations, either through the State Budget, the Aceh Expenditure Development Budget (APBA) and the City Income and Expenditure Budget, which partially utilized through Village-Owned Enterprises.

**Table 3. Village Fund Allocation for Each Sub-District in The Lhokseumawe City Government Environment 2017 To 2020**

No.	Sub-district	YEAR				INFORMATION
		2017	2018	2019	2020	
1	BANDA SAKTI	13,888,685,349	13.511.368.988	29,768,956,888	29,230,074,100	18 Villages

2	BLANG MANGAT	17,414,667,852	16,573,593,387	31,469,826,906	31,853,582,315	22 Villages
3	MUARA DUA	13,953,954,253	13,695,811,354	29,137,934,063	27,688,940,100	17 Villages
4	MUARA SATU	9,694,903,570	8,129,810,469	20,132,251,737	18,505,038,200	11 Villages
	Total	54,952,211,024	51,910,584,198	110,508,969,594	107,277,634,715	68 Villages

Source: Directorate of Village and Community Empowerment, Lhokseumawe City, Year. 2020

c. Availability of village assistants.

The Central, Provincial and City Governments have high expectation for the Village. This is realized by providing personnel capable of facilitating village development or as village assistants. The personnel consist of village assistant experts who carry out Village Empowerment duties, Infrastructure Technical Personnel and local assistants, in addition to Village Development consultants, who were selected from the best country's men and women from outside the location within the City or Province.

#### 4. Threats

The threats faced by Village-Owned Enterprises vary to a different degree between villages, and in general the threats that occur are:

- a. The quality of goods produced by other institutions is superior.  
The products produced by other parties are better in quality and at affordable prices that attract the attention of wider community. Village-owned enterprises must also be able to compete with bona fide companies and have much better experience in terms of productivity of their goods.
- b. People's taste for Village-Owned Enterprise products often change.  
Taste is also a threat that needs attention for the sustainability of the business unit. The managers of Village-Owned Enterprises must be able to read people's demands and taste precisely and intelligently in responding to them because community demands often change.
- c. The unpredictable factors that hinder the production of Village-Owned Enterprises.  
The failure of Village-Owned Enterprises is sometimes also affected by unpredictable factors, such as in agriculture which is affected by uncertain climate, pests or floods. Likewise, in the sector of savings and loans, for example, people who make loans are often unable to pay off the loans.
- b. Another threat for external factors is the worsening case of the Covid-19 pandemic which is troubling and disrupting the Village-Owned Enterprise organization in each Village. If this is not managed wisely with strict health protocols, then Village-Owned Enterprises could experience stagnation and growth below 0 percent.

**Table 4. Analysis of Internal and External Factors of Village-Owned Enterprises**

INTERNAL FACTORS	EKSTERNAL FACTORS
<p><b>A. STRENGTH</b></p> <ol style="list-style-type: none"> <li>1. The potential of promising local resources.</li> <li>2. The uniqueness of Local products.</li> <li>3. Enthusiasm of the village community</li> <li>4. Supports from the Village Government</li> </ol>	<p><b>C. OPPORTUNITIES</b></p> <ol style="list-style-type: none"> <li>1. Great concern from the Central, Provincial, and City Governments.</li> <li>2. Funding support by the Central Government.</li> <li>3. Availability of village assistants.</li> </ol>
<p><b>B. WEAKNESS</b></p> <ol style="list-style-type: none"> <li>1. Human resources of the management apparatus are less professional</li> <li>2. Data of potency for primary support are not available</li> <li>3. There are some people who are indifferent to Village-Owned Enterprises and unwilling to participate.</li> <li>4. Product marketing that is less optimal.</li> </ol>	<p><b>D. THREATS</b></p> <ol style="list-style-type: none"> <li>1. The quality of goods produced by other institutions is superior.</li> <li>2. People's taste for Village-Owned Enterprise products often change.</li> <li>3. The unpredictable factors that hinder the production of Village-Owned Enterprises.</li> <li>4. The worsening case of the Covid-19 pandemic which is troubling and leading Village-Owned Enterprises to minus growth below 0%.</li> </ol>

Source: Processed by the authors (2020)

Therefore, the development of Village-Owned Enterprises must be carried out with the following strategies:

1. **S-O Strategy (Strength - Opportunities): Investment**  
 If the condition of Village-Owned Enterprises is faced between Strength and Opportunity, the strategy is to take advantage of the potential of local resources that have unique products, community support and government support in the form of policies, and large financial support to develop Village-Owned Enterprises appropriately with professional and independent management;
2. **W-O Strategy (Weakness - Opportunities): Maintain**  
 If a Village-Owned Enterprise is faced with Weaknesses and Opportunities, the strategy is to increase human resources of the managing apparatus, survey the data of potency as the primary support of the program, socialization, optimization of product marketing by online, if necessary. The Village Government and the managers of Village-Owned Enterprises must prepare and provide training to increase the capacity and competence of their apparatus and carry out regular market and consumer operations, as well as make new innovations, especially in products and marketing by utilizing information technology that is currently developing;
3. **S-T Strategy (Strength - Threats): Determine**  
 If a Village-Owned Enterprise is faced with a Condition between Strengths and Threats, the strategy is to innovate appropriately, minimize production failure with predictions and prevention, and improve the ability to read consumer taste. Village Governments (Guechik and Tuha Peut) and Village-Owned Enterprise Managers must be able to anticipate the risk of production failure by conducting risk management assessments or analyzes (Muhammad & Kurniawan, 2020). So, the managers of Village-Owned Enterprises must conduct a survey of the satisfaction and needs of consumers and the potential of their area, and follow the development of Covid-19 pandemic as well as regular health protocols.



#### 4. W-T Strategy (Weakness - Threats): Divestment or Damage Control

If a Village-Owned Enterprise is faced with a problem between Weaknesses and Threats, the strategy is to conduct an evaluation of the Village-Owned Enterprise in a comprehensive manner, both in terms of Human Resources, production activities, and other supporting factors. This evaluation is intended to identify things that need to be fixed and anticipated (Muhammad & Kurniawan, 2020). Evaluation is carried out through surveys of consumers and product quality, in addition to conducting diagnoses of Village-Owned Enterprises organizations to improve the performance comprehensively.

## CONCLUSION

Government policy on the issuance of Law Number 6 of 2014 concerning on Villages shows the government concern to develop the Indonesian people and nation starting at the lowest level of government administration, which is directly related to the community which holds the unity of the Indonesian nation as a whole;

The presence of a policy on Villages should be an opportunity for *Gampong* (village government) to be independent and autonomous. *Gampong* (village government) is required to be independent in carrying out its role as a public servant. The presence of Village fund assistance by the Government means that the Government provides capital to the Villages as a step to empower and move the wheels of the Villages economy, one of which is through Village-Owned Enterprises;

Village-owned enterprises existing in each village must be utilized and innovated in developing the potential of the village as local wisdom that must be improved, so that it can improve the standard of living of the community to be more prosperous and increase the nominal Village Original Income (VOI) of the Village Government.

Every apparatus and community who is assigned or directly involved in the implementation of Village-Owned Enterprises should follow the health protocol as stated by Wiku Adisasmita, Chief of the Expert Team for the Task Force for the Acceleration of Handling Covid-19, that the related parties should: 1. Maintain hand hygiene, 2. Not touch the face, 3. Apply the ethics of coughing and sneezing, 4. Wear a mask, 5. Keep the Distance, 6. Self-isolation, and 7. Stay healthy. In addition, we must stay alert and do not panic, avoid crowds, whether open or closed, create a room with good ventilation, keep our hands clean, always maintain distance in daily activities, and do not forget to maintain our health by light exercise and sunbathing when the sun is rising, and always do various things to maintain health so that the body always has a strong immune system to prevent Covid-19;

Finally, in managing Village-Owned Enterprises to be better, it is necessary to change the mindset and positive work culture. If in the community there are behaviors that are not in accordance with local wisdom, then this needs to be corrected so that it is in accordance with local wisdom, with the aim of forming a Village-Owned Enterprise Model that is prosperous and reducing the role of the government as a provider for Village development through a project system as in the era before reform. The government must relinquish its power over the village and replace it as a facilitator with empowerment and collaboration.

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