



Application of Social Capital-Based Institutional Model in Formulating Village-Owned Enterprise Policy as a Resilience Strategy for Local Economic Development

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ABSTRACT: This study aims to determine the application of social capital-based institutional models in formulating policies for village-owned enterprises as a resilience strategy for local economic development. This research uses a qualitative approach. Data collection is carried out through observation techniques, interviews, documentation Data reduction steps, data presentation, and conclusion/verification process the collected data. In view of the aftereffects of the examination, it was found that the investigation of the social capital-based institutional model, shows that parts of trust, informal organizations, and normal practices play a significant part in the utilization of this model in the detailing of arrangements for Town Claimed Ventures. These factors have a major influence on the success of the village's local economic development resilience strategy. Then the results of the analysis showed that the application of the social capital institutional model in Barae Village, Soppeng Regency, had succeeded in increasing the economic resilience of the community. This is realized through better access to the capital needed, as well as the ability of the community to meet their daily needs at affordable prices. The impact is an improvement in the quality of life and economic resilience in the village.

KEYWORDS: BUMDes Policy, Economy Development, Institutional Model, Resilience Strategy, Social Capital.

A. INTRODUCTION

Village-owned enterprises are known as BUMDes is one of the projects gave by the public authority to assemble and work on the rustic economy as per its true capacity. This has prompted numerous towns laying out and creating BUMDes with different projects. The public authority profoundly wants to work on the rustic economy and guarantee the arrangement of town nearby monetary organizations by investigating the capability of town neighborhood shrewdness, one of which is the foundation of Town Possessed Endeavors (BUMDes) whose legitimate premise is Regulation Number 6 of 2014 concerning towns (Nuak et al., 2019; Van Reenen, 2011A partnership program between commercial banks and cooperatives, initiated by the Winarsi ministry of cooperatives and small and medium enterprises villages, is the most effective means of removing capital barriers for cooperatives. (2020). According to Anugrah (2022) there is an absence of straightforwardness and correspondence between Bosses, Chiefs, BUMDes individuals and, surprisingly, the Local area. The job of BUMDes in expanding town pay has not been perceived on account of its monetary administration framework, advertising, creation, appropriation and HR (Andriani, 2022; Ekawati, 2022; Malik, 2021).

Therefore, with the importance of the role of BUMDes, in Law No. 6 of 2014 article 87 which affirms that village-owned enterprises are managed with the spirit of kinship and cooperation and in village-owned enterprises can be carried out business in the economic sector and / or public services in accordance with the provisions of laws and regulations. The importance of the function and role of BUMDes in developing the village economy, it is very necessary to formulate BUMdes policies that can act as a tool for village development review. This will be possible if supported by the existence of an institutional model based on social capital. Evaluation methods developed at the international level have proven that social capital is a modern driver of economic development of a country and region. Simultaneously, changing mentalities towards the idea of social capital and comprehension of its part in friendly cycles are obviously reflected in the improvement of related research. As uncovered by Mishchuk (2023), social capital essentially affects macroeconomic turn of events and can set off changes in speculation, relocation streams, and other worldwide cycles. Simultaneously, as capital arises as capital at the corporate level, it is essential to assess and oversee capital to accomplish the generally essential goals of the association.

Based on research conducted by Basalama (2020) and Kafabih (2018), this is what underlies this research. In this study conducted by choosing Barae Village, Marioriwawo District, Soppeng Regency. One of the reasons for choosing Barae Village as



the location in this study is because the village community is partly farming and besides that its economic potential is experiencing rapid development at this time, it's just that the problem that has occurred so far is that the current institutional function of BUMDes has not played a good role while the economic potential is quite good. Based on observations through interviews with one of the officials of Barae Village in Marioriwawo sub-district, where the BUMDes institution faces problems, namely the lack of understanding and awareness of the people of Barae village on the importance of BUMDes as an institution driving the village economy and besides that, there is still a lack of limited human and financial resources so that business development has not run optimally. Another issue is as yet the absence of help from the neighborhood administration of Soppeng Rule through funding, preparing and framework advancement. Based on the description above, this is the reason for the need for research entitled "Application of the Social Institutional Development Model in Formulating Village-Owned Enterprise Policies as a Resilience Strategy for Local Economic Development in Barae Village, Marioriwawo District, Soppeng Regency"

B. LITERATUR REVIEW

1. Entrepreneurship

Entrepreneurship is a scientific discipline that studies values, abilities and behaviors in facing various life challenges. According to (Syam et al., 2021), entrepreneurship is taught as a discipline since business has a total and genuine group of information, has two ideas, to be specific endeavor fire up and wander development and has its own item, in particular the capacity to make something. Entrepreneurship is the process of creating value from a business opportunity by combining available resources creatively and innovatively. Entrepreneurship involves taking risks and skills in managing a business and obtaining profits from the business being run. As for (Rakib et al., 2020) said business venture is one of the elements supporting monetary strife in Indonesia, since business visionaries themselves have the opportunity to work and be free. An individual has the longing and will and is prepared to turn into a business visionary, implying that one can make one's own positions and doesn't have to rely upon others and different organizations. Business venture assumes a part in planning new activities and adventures, arranging new business systems, arranging thoughts and valuable open doors for progress, as well as laying out new organizations and others. At the macroeconomic level, the job of business venture is to make riches, equivalent dispersion of riches and open positions and become a motor of monetary development of country (Fatimah et al., 2020). Education in entrepreneurship not only provides a theoretical foundation for the concept of entrepreneurship but also influences an entrepreneur's attitude, behaviour, and way of thinking. It is an interest in HR to set others up for new pursuits through the combination of abilities, capacities and information fundamental for business improvement and extension.

2. Institutional Development Model

Institutional improvement is a type of strengthening. Creating establishments in light of nearby and socio-social qualities implies constructing an establishment for aggregate activity and is a significant technique in expanding dealing power with untouchables. Aggregate activity is the primary weapon of hindered gatherings of society in financial occasions. Rozikin (2015), recognizes two main approaches in individual and organizational institutional development. The individual approach is to impart knowledge to each individual as well as increase awareness and behaviour. While hierarchically it is through friendly designing with an emphasis on parts of evolving jobs, designs, and methods. The primary methodology frequently utilized is individual change through preparing to further develop information and abilities to local area individuals. Monetary establishments are shaped by formal limits as rules, regulations, and constitutions; also, casual requirements as standards, arrangements, and so on. Every one of them decide how the design of society and its particular monetary presentation are shaped.

3. Social Capital

Social capital is an asset that builds and grows in each individual as a result of good public relations. Social capital has various understandings from experts but the substitution is the same. Social capital can simply be defined as a set of informal values or norms shared among the members of a community that enable cooperation between them. If the members of the group expect the other members to behave honestly and reliably, then they will trust each other. Social capital is more likely to be understood as institutional aspects, created relationships, norms that shape the quality and quantity of social relations in a society. Social capital is defined not only as a collection of institutions and social groups that support it, but also a social adhesive that maintains the unity of group members as a whole. According to Johan (2014) that this social capital is very important for the community because:



- a. Provide simple admittance to data for local area individuals
- b. Become a mechanism of force sharing or power partaking locally
- c. Foster fortitude
- d. Enable mobilization of community resources;
- e. Enable common accomplishment
- f. Shaping the behaviour of togetherness and community organization.

Social capital is a responsibility from every person to be open, trust one another, give power to everybody he decides to assume a part as per his obligations. This implies delivers a feeling of local area, fortitude, and simultaneously obligation regarding normal advancement.

4. BUMDES Policy

The Indonesian government provides funds to villages to help them develop independently. Until now, the village government has used village funds to build village facilities and infrastructure. In order to encourage village independence through village funds, Village-Owned Enterprises (BUMDes) are encouraged by the government. BUMDes are business entities whose business units are managed by themselves and owned by villages. Although the BUMDes policy is a very good breakthrough, not all rural areas are willing to implement this program. Town Claimed Ventures (BUMDes) in Indonesia play a significant part in Indonesia's monetary development. The public authority looks to fortify the job of towns by focusing on an expansion in the quantity of BUMDes (Soepaptop, 2023). Basically, the establishment of BUMDes aims to improve the welfare of rural communities by managing village potential according to the needs of local communities. BUMDes not only function as a source of economic activity in the village, but also as a social institution. BUMDes must prioritize the interests of the community through their contribution to the implementation of social services. Sutikno et al., (2018) BUMDes are town financial foundations overseen by the local area and town government and laid out in view of the requirements and capability of towns to fortify the town economy.

The motivation behind BUMDes is to improve and reinforce the town economy. BUMDes capability as business organizations by furnishing neighbourhood assets determined to get benefits and social foundations by adding to the arrangement of social administrations that favor the interests of nearby networks. BUMDes have played an active role in strengthening the rural economy in community economic development, especially facing the ASEAN Economic Community in 2015 (Nugroho, 2021). The production of Town Possessed Ventures is on the grounds that, it has been stressed that in expanding local area and government pay, towns can lay out Town Claimed Undertakings. As a business foundation with financial organizations, BUMDes should have the option to be skilled external the town and should favour addressing the requirements of the local area both as far as useful and immoderate with dispersion administrations for the arrangement of labour and products, to be specific this can be acknowledged in the acquisition of local area needs that are not difficult, for example, less expensive and simpler to get and more productive costs, yet for this situation BUMDes should in any case focus on proficiency and viability in genuine area exercises and monetary establishments that go about as microfinance foundations.

5. Resilience of Local Economic Development

Economic resilience is the resilience of the economy to shocks and economic crises that befall a country or region. Numerous meanings of financial flexibility slender their concentration to the capacity to recuperate rapidly from interruptions. Be that as it may, with regards to financial turn of events, monetary strength is comprehensive of three primary attributes, to be specific the capacity to recuperate rapidly from shocks, the capacity to endure shocks, and the capacity to keep away from shocks by and large (Utami, 2021). The term resilience was first formulated by Block under the name ego resilience, which is defined as a general ability that includes a high degree of self-application and flexibility to internal and external pressures. Resilience is very important in life because resilience can manage the difficulties and pressures faced in daily life. Versatility is a singular's capacity to answer emphatically to unfriendly circumstances they face, empowering people to accomplish, keep up with, or reestablish physical or close to home wellbeing after sickness, misfortune, or other unpleasant circumstances (Rahmanisa et al., 2021). Flexibility is accentuated in light of the fact that reinforcing the limit of networks to oversee versatility is fundamental to seek after supportable improvement actually.

Engineering resilience, ecological resilience, or the capacity for creative renewal and destruction are all examples of resilience. Resilience can also be defined as the ability to move toward a new state. The initial two can be operationalized effortlessly,



while transformative strength is hard to quantify in light of the fact that the systems of territorial monetary revamping and reorientation are generally obscure (Wang, 2021). The virtue of community-oriented economic development emphasizes processes that strengthen the role and initiative of local communities in developing economic activities and increasing productivity. To achieve these goals, local governments and communities need to contribute to regional economic development initiatives that can be carried out through partnership forums. As expressed, (Zainal et al., 2020) organization for neighborhood monetary improvement is an idea that means to coordinate different possible assets and exercises of all partners in a locale. The advancement of monetary potential can start by building organizations, utilizing apparatuses to deal with likely wares, engrossing work and expanding the pay of neighborhood networks. To understand this idea, an institutional association between open private-local area was created. Subsequently, neighborhood states as the need might arise to enhance the viable utilization of existing assets.

C. METHODOLOGY

The philosophy took on by the scientist is a subjective methodology that is inductive, specifically examination in view of the information got. This research focuses on the application of social capital-based institutional models in formulating village-owned enterprise policies as a resilience strategy for local economic development, the main object of which is the BUMDes policy in Barae Village, Marioriwawo District, Soppeng Regency. In this study the data collection techniques used were observation, interviews, documentation studies. According to Miles (2016), analysis consists of three lines of activities that occur simultaneously, namely: data reduction, data presentation, conclusion drawing/verification. In this study, researchers used interview research instruments to informants with semi-structured interview techniques. Therefore, the instruments needed are observation guidelines, interview guidelines, recording devices, cameras and stationery. To get the right information, it is important to decide witnesses who have ability and as per information needs (purposive). The method of taking informants in this study is by purposive sampling technique. This research data was collected through direct observation by conducting interviews with the Head of Barae Village, Soppeng Regency; Community Leaders in Barae Village, Soppeng Regency; Head of Barae Village-Owned Enterprise, Soppeng Regency; and communities involved in the implementation of BUMDes.

D. RESULT AND DISCUSSION

In view of the consequences of meetings with a number of informants related to social capital-based institutions in formulating policies for Village-Owned Enterprises (BUMDes) as a resilience strategy for local economic development in Barae Village, Marioriwawo District, Soppeng Regency which can be seen in the picture below.

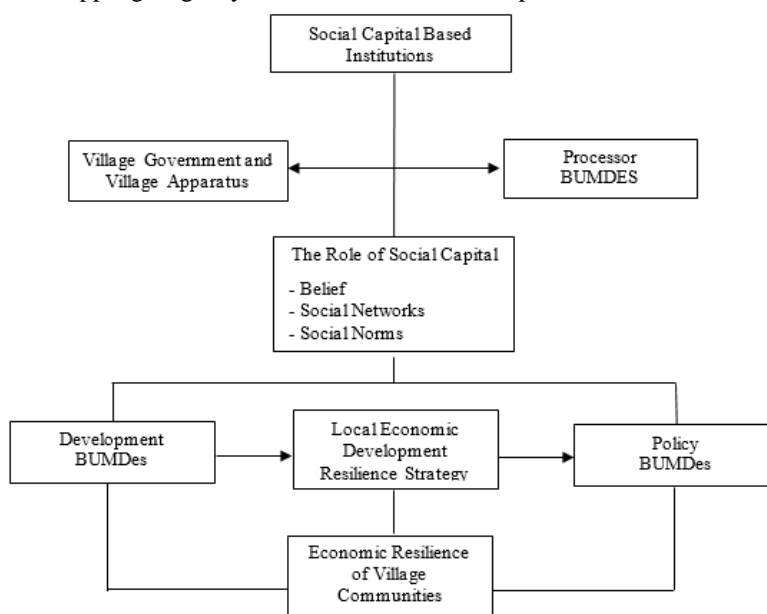


Figure 1. Social Capital-Based Institutional Model in Formulating BUMDes Policy as a Resilience Strategy for Local Economic Development



The social institutional model in the formulation of Village-Owned Enterprises (BUMDes) policy is to increase the resilience of local economic development is an important step to ensure the success of local development. This includes the development of relationships between villagers, effective communication and coordination of cooperation in running BUMDes. The application of the social capital-based institutional model in formulating policies for Village-Owned Enterprises (BUMDes) as a resilience strategy for local economic development shows that the type of business sector that has been carried out so far is through lending and mixed business, one of the objectives in managing village-owned enterprises, especially is expected to help improve the village community. Based on the results of interviews with a number of informants both by village officials and managers of BUMDes shows that there are 3 factors to consider, namely trust, social networks and social norms.

Based on the results of the analysis of the institutional model of social capital, seen in three aspects, namely trust, social networks and social norms, it shows that the application of social capital as a basis for formulating BUMDes policies as a resilience strategy for local economic development, especially has been running well. This is in accordance with the results of interviews conducted with a number of informants that in the application of the model Social capital-based institutions have been able to increase economic resilience, where the community can access the capital needed and also the community can meet their daily needs at affordable prices so that they can have an impact by improving the quality of life and economic efficiency in the village so that the steps taken by BUMDes administrators in an effort to increase resilience are to provide access to goods for daily needs and support local economic empowerment, contribute to the environment, and play a role in institutional networks based on social capital in Barae Village.

From the results of the analysis that the formulation of BUMDes policy as a strategy for resilience of local economic development through the application of social capital-based institutional development models that have been obtained in this study which can include identifying village potential, improving BUMDes institutions, fund management plans, roles and responsibilities, monitoring and evaluating BUMDes performance and risk protection and community participation. So it can be said that this study indicates that the application of the social capital-based institutional development model shows the importance of utilizing existing resources and social networks in the community to strengthen village-owned enterprises (BUMDes). So this helps strengthen the capacity and competitiveness of BUMDes in supporting local economic development. Then in the application of this model is able to increase active community participation in the management of BUMDes. By involving communities in decision-making processes and asset management, BUMDes can be more responsive to local needs and aspirations. Thus, it can be concluded that overall, the implementation of the social capital-based institutional development model is a strategy that has the potential to increase the resilience of local economic development through community empowerment, capacity building, and building strong social networks.

E. CONCLUSION AND RECOMMENDATIONS

Based on the results and discussion in this study, conclusions can be presented which can be described as follows:

1. The aftereffects of the investigation of the social capital-based institutional model in the formulation of village-owned enterprise policies as a strategy for the resilience of local economic development in Barae Village, Marioriwawo District, Soppeng Regency are seen from the aspects of trust, social networks and social norms which show that aspects of social network trust and social norms are factors that can influence the implementation of social capital-based development models to formulate policies Village-Owned Enterprises as a research strategy for local economic development in Barae Village, Marioriwawo District, Soppeng Regency.
2. Based on an analysis of the application of the social capital development model to formulate policies for village-owned enterprises as a strategy for the resilience of local economic development in Barae Village, Marioriwawo District, Soppeng Regency, which shows that the application of the social capital-based institutional development model can increase economic resilience, where the community can access the capital needed and also the community can meet their daily needs With affordable prices so that it can have an impact by improving the quality of life and economic efficiency in the village.

Based on the conclusions in this study, suggestions can be given in this study, which are as follows:

1. It is recommended to the management of BUMDes in Barae village to be able to apply the social capital institutional development model to formulate BUMDes policies as a local development resilience strategy so that it is hoped that the business performance carried out can be more effective, especially in the future.



2. The community should be expected to participate in the BUMDes program created by the government which has goals and benefits that contribute to the community in Barae village.
3. The need for the village government is expected to pay special attention to the management and members of BUMDes such as providing facilities and capital that are expected to increase business for the community in Barae village.

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