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## **Socialization Of Improving Bumdes Financial Management In Indonesia**

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### **Abstract**

When researchers held in-depth discussions with officials from the Baros Village-Owned Usha Agency, West Java. They complain about good financial management, how to get financing, upgrade financing, etc. The conclusion of this article show 1. Financial management is vital and urgent to improve the financial performance of a company and other institutions, including Village-Owned Enterprises. 2. This service was carried out at the Baros Village-Owned Enterprise, West Java, which began with complaints from the Village-Owned Enterprise and the author's findings regarding reporting that was not yet systematic, difficult to find independent financing, and not carrying out evaluations.3. The author conducted socialization on how to manage finances well for two weeks. Especially regarding simple openings consisting of business evaluation/analysis, reporting and bookkeeping which the author believes can overcome these problems.

**Keywords:** Socialization , Bumdes, Financial Management

### **INTRDOUCTION**

Financial management is a very important department of an organization to control all the company's financial capital, and make company financial decisions. A very popular and accepted definition of financial management as stated by Mazumber explains that "Financial management is related to the procurement of funds and effective utilization in business. Understanding Financial Management According to Experts: Furthermore (Sari, 2021)explains that financial management is all company activities carried out with efforts to obtain company funds at low costs and efforts to use and allocate these funds efficiently.

According to (Sari et al., 2019)financial management is the management of money in an organization, whether it is a government organization, school, hospital, bank, company and others. According to (Atmaja, 2022), the definition of financial management is management related to the management of funds, both funds related to the allocation of funds, as well as those related to various forms of investment effectively and efforts to collect funds for investment payments or spending efficiently. Furthermore (Agustine & Widjaja, 2021)financial management is a company activity related to how to obtain funds, use funds, and process assets according to overall objectives. Then (Sudana, 2020)explains several decisions that must be made, namely investment decisions, funding decisions or decisions to fulfill funding needs, and dividend policy decisions. From the opinions of the experts above, we can conclude that financial management is the science of obtaining funds and managing company funds to be productive.

The role of financial management in a company is that it is interested in creating and maintaining economic value or company wealth. Consequently, all decision making must be focused on wealth creation. There are three functions of financial management, the first is to regulate the allocation of capital to company assets. Second, make decisions related to meeting capital needs. Third, managerial decisions or making efficient use of funds. Of these three functions, meeting capital needs is often a quite complicated problem for companies. Capital is one of the most important production factors used by companies to finance company operations. The company's capital fulfillment strategy is related to capital structure policy (Muhammad, 2019).

The main role of a financial manager is to plan an entity's financial budget, control and implement financial strategies that utilize the company's financial resources efficiently and in accordance with planning and budgeting to achieve the organization's financial goals and maximize shareholder wealth.

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Financial managers must make three important decisions for the organization, namely funding decisions, investment decisions, and dividend decisions for a particular year. Decisions related to budgeting and working capital consist of investment decisions. Financial decisions consist of basic financial recognition, organization, investment returns, and financial costs (Permatasari, 2005).

Managing corporate financial management is very important for a company, it is necessary to create a conducive and orderly financial situation (Rahma & Susanti, 2022). The company's financial management is well standardized and can be said to be developing very well (Muttiarni et al., 2022). Especially in the current era of globalization, companies are required to carry out financial management in accordance with applicable ethical standards in order to compete with other companies. As it grows, the financial manager's duties include recording, reporting, controlling cash positions, paying bills, and disbursing funds. Quality management offers many benefits for some business owners. Financial management includes bookkeeping, projections, financial reports, and financing, which are based on achieving goals through efficient business decisions. Financial management is one of the main ways to make business owners successful. Financial management helps to decide what is needed in a company such as, location, purchasing inventory, employees, and equipment. Financial management is a tool for planning overall business growth. Financial management also helps to determine profitable products, services and markets for a company.

There are also business entities/companies referred to in this article, namely Village-Owned Enterprises. Village-Owned Enterprises, hereinafter referred to as BUMDes, are village economic institutions/bodies that are legal entities formed and owned by the Village Government, managed economically independently and professionally with capital that is wholly or mostly separate village assets. In the end, BUMDes were formed with the aim of gaining profits to strengthen Village Original Income (PADes), advance the village economy, and improve the welfare of village communities. As stated by Ngesti D. Prasetyo, the existence of BUMDes is very strategic which in the end BUMDes functions as a driving force for the village economy and welfare of village communities. The hope with the existence of BUMDes is the formation of new businesses rooted in existing resources and the optimization of existing economic activities in village communities. On the other hand, there will be increased business opportunities in order to strengthen village autonomy and reduce unemployment (Kurnia Dewi, 2023).

BUMDes is a business institution that operates in the field of managing village economic assets and resources within the framework of empowering village communities. The regulation of BUMDes is regulated in Article 213 paragraph (1) of Law no. 32 of 2004, that Villages can establish Village-Owned Enterprises in accordance with the needs and potential of the village. Apart from that, it is also regulated in Government Regulation Number 72 of 2005 concerning Villages, which regulates BUMDes, namely in Articles 78 – 81, Part Five concerning Village-Owned Enterprises, and most recently in Minister of Home Affairs Regulation Number 39 of 2010 concerning Business Entities Village Owned. The aim of BUMDes is to optimize the management of existing village assets, advance the village economy, and improve the welfare of village communities (Ramadana, 2006). The nature of BUMDes businesses is profit-oriented. The nature of business management is openness, honesty, participation and fairness. And the function of BUMDes is: as a driving force for the village economy, as a business institution that generates Original Village Income (PADes), and as a means to encourage accelerated improvement in the welfare of village communities. With the presence of BUMDes, it is hoped that villages will become more independent and their communities will become more prosperous. However, considering that BUMDes is still something new in its existence, it is inevitable that in practice, several obstacles arise precisely related to the process of its formation. First, there is no legal basis that covers the existence of BUMDes in villages (Soejono et al., 2021).

Although in fact, the enthusiasm for institutionalizing BUMDes has been implicitly mandated and covered by the issuance of Law Number 8 of 2005 concerning amendments to Law Number 32 of 2004 concerning Regional Government, as mandated in Chapter VII, part five, which states that Village Governments can establish Business Entities. Village property is in accordance with the needs and potential of the village with the hope of increasing community and village income (Kurnia Dewi, 2023). As a follow-up to the implementation of the establishment of BUMDes, based on article 78 of PP 72 of 2005 concerning Villages, it is explained that the Regency/City Government needs to establish Regional Regulations (PERDA) concerning Procedures for the Establishment and Management of Village-Owned Enterprises (BUMDes). This provision, although a bit late, was also accommodated in the technical regulations issued by the Minister of Home Affairs through article 2 paragraph (1) of Minister of Home Affairs Regulation Number 39 of 2010. However, in reality, the good intentions of the mandate of the Laws and Government Regulations as well as the technical regulations through The Minister of Home Affairs Regulation has not been welcomed by the district/city government with indications that there is no Regional Regulation that regulates Establishment and Management Procedures, even if there is a Regional Regulation, it often does not refer to Minister of Home Affairs Regulation Number 39 of 2010,

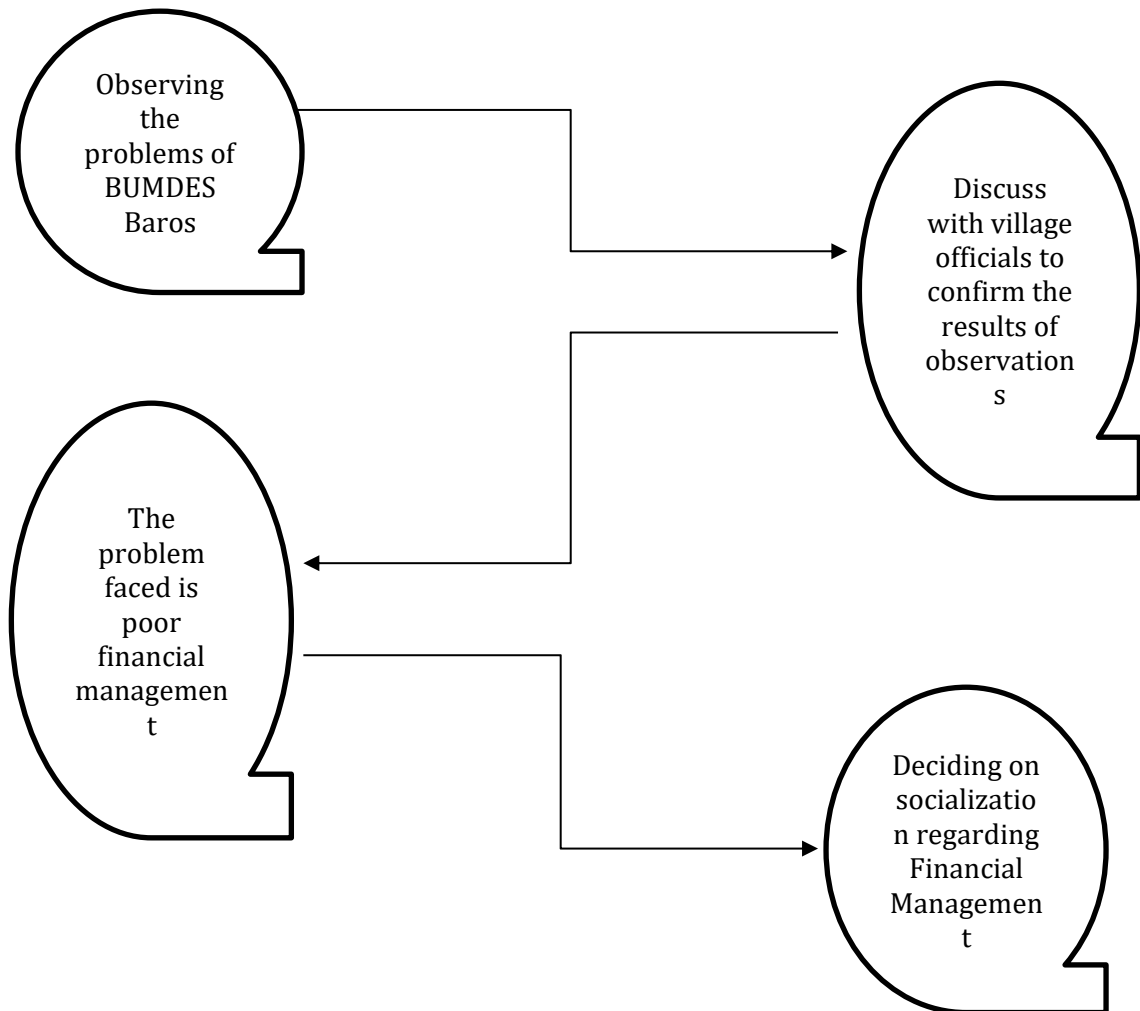
which is indeed late. So often the process of increasing legality will be hampered by the legitimacy of the BUMDes Law itself (Soejono et al., 2021).

Based on the explanation above, the author took the initiative to conduct outreach regarding how to manage finances well in Village-Owned Enterprises in Baros Village, West Java. This service was carried out for two weeks with the hope that the Village Owned Usha Agency in Baros village, West Java, could understand and immediately implement the materials being socialized.

## METHOD

When researchers held in-depth discussions with officials from the Baros Village-Owned Usha Agency, West Java. They complain about good financial management, how to get financing, upgrade financing, etc. using the following problem finding method:

**Figure 1**  
Stages of Problem Discovery and Solutions



## RESULT AND DISCUSSION

### Financial Management and Village-Owned Enterprises

Financial management is a very important department of an organization to control all the company's financial capital, and make company financial decisions. A very popular and accepted definition of financial management as stated by Mazumber explains that "Financial management is related to the procurement of funds and effective utilization in business. Understanding Financial Management According to Experts: Furthermore (Sari, 2021) explains that financial management is all company activities carried out with efforts to obtain company funds at low costs and efforts to use and allocate these funds efficiently.

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The main role of a financial manager is to plan an entity's financial budget, control and implement financial strategies that utilize the company's financial resources efficiently and in accordance with planning and budgeting to achieve the organization's financial goals and maximize shareholder wealth. Financial managers must make three important decisions for the organization, namely funding decisions, investment decisions, and dividend decisions for a particular year. Decisions related to budgeting and working capital consist of investment decisions. Financial decisions consist of basic financial recognition, organization, investment returns, and financial costs (Permatasari, 2005).

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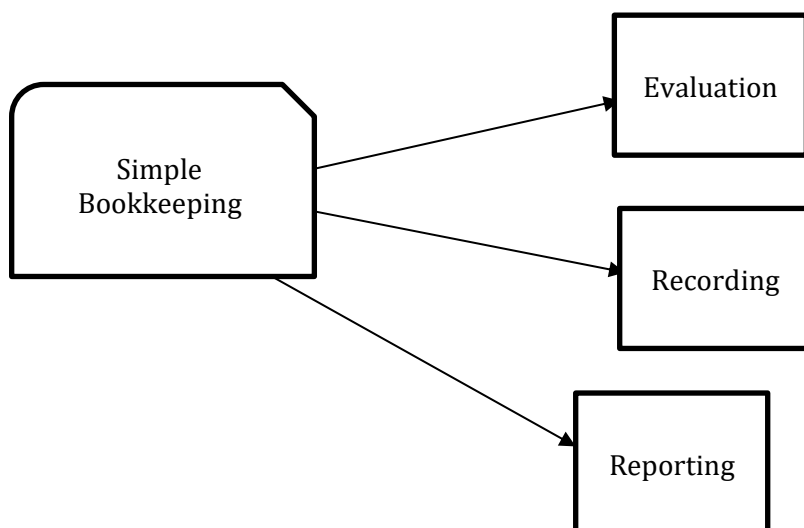
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When carrying out service in Baros village for 2 weeks, service members carry out outreach with the following types of material

**Figure 1**  
Materi Sosialisasi



The author carried out community service in the form of socializing good financial management methods with the theme of simple bookkeeping material to Baros Village-Owned Enterprises for two weeks with material on Evaluation, Bookkeeping and Reporting. Penulis believes that if the Village-Owned Enterprise in Baros village can have simple bookkeeping well, problems will arise in the form of poor financial records, financing, and so on.

### **CONCLUSION**

Based on the explanation above, several points can be concluded regarding the author's socialization of how to manage finances, which are as follows:

1. Financial management is vital and urgent to improve the financial performance of a company and other institutions, including Village-Owned Enterprises.
2. This service was carried out at the Baros Village-Owned Enterprise, West Java, which began with complaints from the Village-Owned Enterprise and the author's findings regarding reporting that was not yet systematic, difficult to find independent financing, and not carrying out evaluations.
3. The author conducted socialization on how to manage finances well for two weeks. Especially regarding simple openings consisting of business evaluation/analysis, reporting and bookkeeping which the author believes can overcome these problems.

## EXPRESSION OF THANKING

The author would like to express his deepest gratitude to all Baros village officials in West Java who were willing to complain about the problems faced by their village-owned enterprise. The researcher also would like to thank the Baros Village Officials, Baros village residents, academic friends, and others who were involved in the author's service. Hopefully the socialization carried out can be implemented and overcome existing problems.

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