



FINANCIAL PERFORMANCE OF VILLAGE-OWNED ENTERPRISES (BUMDES) IN PAKATTO VILLAGE, BONTOMARANNU SUB-DISTRICT, GOWA REGENCY

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Abstract

This study aims to determine the financial performance of Village Owned Enterprises (BUMDes) in Pakatto Village, Bontomarannu District. The analytical method used is financial ratio analysis using Profitability ratios (Net Profit Margin and Return On Equity), Liquidity (Current Ratio), and solvency (Debt to Equity Ratio). The results of the calculation of the Net Profit Margin profitability ratio in 2020 are 12.38% and in 2021 it is 20.12%. Return On Equity in 2020 is 64.62% and in 2021 it is 76.99%. The liquidity ratio using the Current Ratio in 2020 is 378.42%, and in 2021 it will be 828.83%. The solvency ratio using the Debt-to-Equity Ratio in 2020 is 23.31%, and in 2021 it will be 10.91%. Based on the profitability ratio data analysis, Net Profit Margin and Return on Equity are very good because the figures have exceeded the standard. In terms of liquidity, the Current Ratio does not meet its obligations (debt) properly because it needs to comply with the established standards. Regarding solvency, the Debt-to-Equity Ratio has met the standard because the resulting figure has passed the established standard.

Keywords: Financial Performance, Profitability Ratios, Liquidity Ratios, and Solvency Ratios

INTRODUCTION

Government development efforts in the economic sector continue to increase. Starting from the regional government to the village government, they are trying hard so that the economy in their regions continues to increase yearly. The acceleration of economic development aims to create self-sufficiency or sovereignty sustainably. Development in the economic sector is the main driver of development along with the quality of human resources which is carried out harmoniously and balanced to achieve national development success.

Good economic improvement at the provincial level will have a major effect on the progress of the national economy. Economic improvement at the provincial level will be achieved if the economy at the district/city level also has a good economy. Economic progress at the district/city level can be achieved due to the contribution of a strong rural economy, which impacts the welfare of the wider community. One of the efforts to reduce poverty in Indonesia is through rural development (Tama and Yanuardi 2013).

According to Law Number 6 of 2014, the village is a legal community unit that has territorial boundaries that are authorized to regulate and manage government affairs, local community interests based on community initiatives, origin rights, and traditional rights that are recognized and respected in the government system of the Unitary State of the Republic of Indonesia. Indonesia (NKRI). Administratively, the village is the smallest form of

government where the village head leads the leadership center from a general election process.

In efforts to develop village government, the village head has authority related to the village, such as managing village funds, and village assets, setting the village income and expenditure budget, and fostering and improving the village economy so that an economy of productive scale is achieved.

The government has long worked to develop the economy in rural areas. These development activities continue to be developed by the village government, considering the village has a budget for several development programs. However, these development efforts have yet to be fully satisfactory. One of the factors is too much government intervention. As a result, the creativity and innovation of the local community are reduced. We must avoid dependence on government assistance, which will break the spirit of independence. Based on this, the village government should pay more attention and produce policies related to economic empowerment and organize community economic activity institutions.

BUMDes is a business institution established to strengthen the village economy and is formed based on the needs and potential of the village. BUMDes was established to become one of the backbones of increasing village income. The establishment of BUMDes is expected to maximize the village's original income in several business units owned. BUMDes itself was established to increase the village's original income, improving the management of village business units and increasing village development. Therefore, serious management is needed so that it runs effectively, efficiently, and independently.

Increasing village income, of course, must be balanced with the performance of BUMDes and the important role of several BUMDes management parties, such as the Village Head, BUMDes Chair, Secretary, Treasurer, and members who manage the BUMDes units. According to the Big Indonesian Dictionary (KBBI), performance is something to be achieved, visible achievement, or ability to work. Therefore, one of the factors to see an increase in the village's income is to look at the organization's performance. Performance measurement is an action in achieving organizational goals by assessing work progress against goals and objectives in managing human resources that produce services and goods. The performance of an organization in the public sector can be assessed based on the ability to manage the budget,

According to (Purbasari et al., 2018), the village government has village income which consists of original village income, village funds, village fund allocations, and transfer

income sharing of regional taxes and levies. Village original income is income received independently from the village, for example, village business results, village wealth results, and so on.

In practice, the village government can prioritize development in public works related to village facilities and infrastructure. In addition, village income is also used to develop other village potentials, such as the economy, agriculture, plantations, fisheries, and so on (Susanto & Iqbal, 2019).

In general, for the village government, if the BUMDes can be managed properly, the village's income will also increase. By increasing village income, village development can be carried out in various sectors. It will be achieved if the performance of BUMDes can generate profits in its various business units.

Research on BUMDes conducted by Wardana (2021) with the title Analysis of the Performance of Village-Owned Enterprises in Increasing Village Original Income shows that Analysis of the Performance of Village-Owned Enterprises in Increasing Village Original Income with the Balanced Scorecard measure has been able to increase original village income seen from all four perspectives Balanced Scorecard. Meanwhile, Sinarwati's (2021) research shows that BUMDes in Bali Province have good financial and non-financial performance.

Based on the background described above and the different research results, the authors are interested in raising research on BUMDes and Village Income with the title "Performance Analysis of Village-Owned Enterprises (BUMDes) on Increasing Village Original Income in Pakatto Village, Bontomarannu District, Gowa Regency."

METHOD

Data collection techniques are the methods used in conducting research activities. To obtain the data or information needed in this study, the method used by researchers is documentation data collection techniques. Documentation is one of the data collection methods obtained from the records or documents needed in the data collection process. The form of documents in a study can vary, this is adjusted to the needs of this research process. Documents can usually be in the form of financial statements such as cash flow reports, income statements, balance sheets, organizational profile data, employee data, and other documents needed in this research.

The data analysis used in this study is the ratio analysis method. The types of ratios used in this study are:

1. Profitability Ratio Analysis

The profitability ratio is the ratio used to measure a company's effectiveness in gaining profits. Profitability ratios in this study are grouped into 2, namely:

a) *Net Profit Margins (NPM)*

This ratio is a comparison between net profit and sales. The formula used is:

$$\text{NPM} = \frac{\text{Laba Bersih}}{\text{Pendapatan}} \times 100\%$$

Source: Sumramanyan, 2017

b) *Return On Equity (ROE)*

ROE is the ratio used to measure net profit after tax with own capital. The formula used in this ratio is:

$$\text{ROE} = \frac{\text{Laba Bersih}}{\text{Modal}} \times 100\%$$

Source: Sumramanyan, 2017

2. Liquidity Ratio Analysis

The liquidity ratio is the ratio used to measure a company's ability to pay debts. The type of liquidity ratio used in this study is the Current Ratio. The Current Ratio formula is as follows:

$$\text{Current Ratio} = \frac{\text{Aktiva Lancar}}{\text{Hutang Lancar}} \times 100\%$$

Source: Sumramanyan, 2017

3. Solvability Ratio Analysis (Solvability Ratio)

Solvability ratio analysis is a ratio that shows the level of effectiveness in using company assets or assets. The type of salvability ratio used in this study is the debt-to-equity ratio, often called the Debt To Equity Ratio. The formula used is as follows:

$$\text{Debt to Equity Ratio} = \frac{\text{Hutang Lancar}}{\text{Modal}} \times 100\%$$

Source: Sumramanyan, 2017

RESULTS AND DISCUSSION

Research result

This study aimed to determine the financial performance of BUMDes Harum Kemangi in Pakatto Village, Bontomarannu District. In measuring the financial performance of BUMDes Harum Kemangi, several types of financial ratios are used, including profitability ratios, liquidity ratios, and solvency ratios. Below is the financial performance of Harum Kemangi BUMDes after analyzing the financial statements for 2020 and 2021.

1. Profitability Ratio

The profitability ratio is a type of ratio that aims to measure a company's ability to make a profit. This ratio is also useful in providing a measure of the effectiveness of a company's management, also indicated by the profit generated from operating results and investment income. To determine the profitability level at BUMDes Harum Kemangi Pakatto Village, two ratios are used, namely NPM (Net Profit Margin) and ROE (Return On Equity).

a) NPM (Net Profit Margin)

Table 1 Net Profit Margin (NPM) Calculation Standard

Component	Standard	Mark	Criteria
<i>Net Profit Margins</i>	$\geq 15\%$	100	Very good
	10% to $< 15\%$	75	Good
	5% to $< 10\%$	50	Enough
	1% to $< 5\%$	25	Not enough
	$< 1\%$	0	Very less

Source: RI Ministerial Regulation of KUKM No.06/Per/M.KUKM/V2006

The formula used to calculate NPM is as follows:

$$\text{NPM} = \frac{\text{Laba Bersih}}{\text{Pendapatan}} \times 100\%$$

Table 2 NPM BUMDes Fragrant Basil

Year	Net profit (IDR)	Income (IDR)	NPM (%)	Criteria
2020	22,173,954	179,153,954	12.38%	Good
2021	46,579,800	231,485,600	20.12%	Very good

Source: Processed Secondary Data for 2022

The table above shows that the total net profit of BUMDes Harum Kemangi in 2020 is IDR 22,173,954 while the total revenue is IDR 179,153,954, so you get a Net Profit Margin value of 12.38% and get good criteria. While in 2021, the net profit of BUMDes Harum Kemangi has increased to IDR 46,579,800 and the total revenue has also increased to IDR 231,485,600, so it gets a Net Profit Margin value of 20.12% and also gets good criteria.

b) ROE (Return On Equity)

Table 3 Return On Equity (ROA) Calculation Standard

Component	Standard	Mark	Criteria
<i>Return On Equity</i>	$\geq 21\%$	100	Very good
	15% to $< 21\%$	75	Good
	9% to $< 15\%$	50	Enough
	3% to $< 9\%$	25	Not enough
	$< 3\%$	0	Very less

Source: RI Ministerial Regulation of KUKM No.06/Per/M.KUKM/V2006

The formula used to calculate ROE is as follows:

$$ROE = \frac{\text{Laba Bersih}}{\text{Modal}} \times 100\%$$

Table 4 BUMDes ROE Fragrant Basil

Year	Net profit (IDR)	Capital (IDR)	ROE (%)	Criteria
2020	22,173,954	34,316,954	64.62%	Very good
2021	46,579,800	60,497,256	76.99%	Very good

Source: Processed Secondary Data for 2022

The table above shows that in 2020 BUMDes Harum Kemangi will earn a profit of Rp. 22,173,954 and capital of Rp. 34,316,954, so the Return On Equity of BUMDes Harum Kemangi is 64.62% and gets very good criteria.

While in 2021 the total net profit increased to IDR 46,579,800 and the total capital increased to IDR 60,497,256, so the Return On Equity (ROE) value is 76.99% and gets very good criteria.

2. Liquidity Ratio

The liquidity ratio is a type of ratio used to measure BUMDe's ability to pay its debts. The type of ratio used is the current ratio. The following is the calculation of the BUMDes current ratio for 2020 and 2021.

Table 5 Current Ratio Calculation Standard

Component	Standard	Mark	Criteria
<i>Current Ratio</i>	200% - 250%	100	Very good
	175% to <200% or > 250% to 275%	75	Good
	150% to < 175% or > 275% to 300%	50	Enough
	125% to <150% or > 300% to 325%	25	Not enough
	< 125% or > 325%	0	Very less

Source: RI Ministerial Regulation of KUKM No.06/Per/M.KUKM/V2006

The formula used to calculate the current ratio is as follows:

$$\text{Current Ratio} = \frac{\text{Aktiva Lancar}}{\text{Hutang Lancar}} \times 100\%$$

Table 6 Current Ratio BUMDes Harum Kemangi

Year	Current Assets (Rp)	Current Liabilities (Rp)	Current Ratio(%)	Criteria
2020	30,273,554	8,000,000	378.42%	Very less
2021	54,702,756	6,600,000	828.83%	Very less

Source: Processed Secondary Data for 2022

From the table above, it can be seen that the current assets of BUMDes Harum Kemangi in 2020 amount to Rp. 30,273,554, and current liabilities amount to Rp. 8,000,000, so the Current Ratio value is 378.42%, and the criteria are very lacking. Meanwhile, in 2021 the number of current assets has increased to IDR 54,702,756, and

current liabilities have decreased to IDR 6,600,000, so you get a Current Ratio value of 828.83% and get very few criteria.

3. Solvency Ratio

The solvency ratio is a ratio that shows the level of effectiveness in using company assets or assets. The type of ratio used is the Debt to Equity Ratio:

Table 7 Standard calculation of Debt to Equity Ratio

Component	Standard	Mark	Criteria
<i>Debt To Equity ratio</i>	< 70%	100	Very good
	>70% to 100%	75	Good
	>100% to 150%	50	Enough
	>150% to 200%	25	Not enough
	≥200%	0	Very less

Source: RI Ministerial Regulation of KUKM No.06/Per/M.KUKM/V2006

The formula used in the analysis uses the Debt to Equity Ratio, namely:

$$\text{Debt to Equity Ratio} = \frac{\text{Hutang Lancar}}{\text{Modal}} \times 100\%$$

Table 8 *Debt to Equity Ratio* BUMDes Fragrant Basil

Year	Current liabilities (Rp)	Capital (IDR)	<i>Debt to Equity Ratio</i> (%)	Criteria
2020	8,000,000	34,316,954	23.31%	Very good
2021	6,600,000	60,497,256	10.91%	Very good

Source: Processed Secondary Data for 2022

The table above shows that the current liabilities of BUMDes Harum Kemangi in 2020 amount to IDR 8,000,000, and the total capital is IDR 34,316,954, so you get a Debt to Equity Ratio value of 23.31% and get very good criteria. Meanwhile, in 2021, the current debt amount decreased to IDR 6,600,000, and capital increased to IDR 60,497,256, so you get a Debt to Equity Ratio value of 10.91% and get very good criteria.

DISCUSSION

Based on the analysis that has been carried out on profitability ratios, liquidity ratios, and solvency ratios at BUMDes Harum Kemangi Desa Pakatto, Bontomarannu District, it can

be seen how the financial performance of BUMDes Harum Kemangi Desa Pakatto in 2020 and 2021 are summarized in the table below:

Table 9 Harum Kemangi BUMDes Financial Performance for 2020 and 2021

Year	Profitability Ratio		Liquidity Ratio	Solvency Ratio
	NPM	ROE	Current Ratio	Debt to Equity Ratio
2020	12.38%	64.62%	378.42%	23.31%
2021	20.12%	76.99%	828.83%	10.91%

Source: Processed Data for 2022

1. Profitability Ratio

Based on data analysis carried out at BUMDes Harum Kemangi Desa Pakatto from a Profitability perspective, the Net Profit Margin value in 2020 is 12.38%, which is in the good category. It means that BUMDes' ability to generate net profit from this income is good. The main source of income for BUMDes comes from the waste business unit, drinking water depot business unit, hydroponic business unit, and other business units. While in 2021 BUMDes NPM is 20.12%, BUMDes' ability to generate net profit from revenue is very good. If you look at the percentage value of NPM from 2020 to 2021, there will be an increase in 2021 due to increased income. This increase in revenue was due to consistent sources of income from several business units.

In 2020, BUMDes Harum Kemangi ROE is 64.62%. So that BUMDes' ability to obtain net profit by using capital is very good. In 2021 BUMDe's ROE was 76.99%, which means that BUMDes' ability to earn profits using capital is also very good. If you look at the percentage of ROE in 2020 and 2021, there will be an increase in ROE in 2021. It is due to the effective use of capital and the costs incurred by BUMDes can be controlled.

2. Liquidity Ratio

Based on table 4.9, it can be seen that the financial performance of BUMDes Harum Kemangi Desa Pakatto on the liquidity side, the current ratio value in 2020 is 378.42% and is included in the very less category.

It means that the amount of current assets is greater than the current liabilities. It also shows that BUMDes cash is unemployed and needs to be put to good use. Meanwhile, in 2021, the value of the current ratio will increase to 828.83% and is included in the very less category. It means there has been an increase in the value of the Current ratio from 2020 to 2021. This percentage increase is due to increased current assets while current liabilities have decreased. However, it should be noted that the value stated in the financial

statements is an acknowledgment, not cash available.

3. Solvency Ratio

Table shows that the financial performance of BUMDes Harum Kemangi Pakatto Village in 2020 for Solvability, Debt to Equity Ratio has a value of 23.31% and is included in the very good category. This figure shows that the rate of return on debt using own capital is very high. In addition, this also shows that the value of debt compared to owning capital is very small. In 2021, the Debt to Equity Ratio was 10.91% and was in the very good category. If assessed from the assessment indicators, there will be a decrease in the percentage value of the Debt to Equity Ratio in 2021. However, this decrease in percentage is positive. It means there is a decrease in the value of debt while the value of capital has increased.

CONCLUSION

Based on the results of the research and discussion, it can be concluded that when viewed from a profitability perspective, it is measured using the Net Profit Margin (NPM) ratio of BUMDes Harum Kemangi Pakatto Village in 2020 and 2021, which is a very good in its efforts to get net profits from sales. Whereas using Return On Equity (ROE) BUMDes Harum Kemangi Desa Pakatto get very good profits from the total amount of capital.

When viewed from a liquidity perspective, it is measured using the current ratio. Hence, the condition of BUMDes Harum Kemangi Desa Pakatto in 2020 and 2021 could be better at fulfilling its debt obligations. Whereas using the Debt to Equity Ratio BUMDes Harum Kemangi Pakatto Village in 2020 and 2021 is very good at paying its debts using BUMDes capital.

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