

IMPLICATIONS OF JOB CREATION LAW TO THE ESTABLISHMENT OF VILLAGE-OWNED ENTERPRISES AS A LEGAL ENTITY

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ABSTRACT

A village is the lowest regional unit that is expected to be socially, culturally, and economically independent. Parallel with Indonesian principle that upholds the people's economy, Village-Owned Enterprises acts to strengthen village economic institutions, and social and non-economic benefits. Village-Owned Enterprises itself is regulated by Law Number 6 of 2014 on Villages. However, the establishment of the Job Creation Law as one of the clusters of the Omnibus Law gives several changes to the provisions of Village-Owned Enterprises. The most fundamental thing is the status changed to become a legal entity which then cause many implications for the establishment and regulation. This research was made using the normative legal research method, to discuss the impact of the provisions of Law Number 11 of 2020 on the Competitiveness of Village-Owned Enterprises in facing the era of the ASEAN Economic Community which demands great economic competitiveness.

Keywords: ASEAN free trade, BUMDes, job creation law, omnibus law, village-owned enterprises

A. Introduction

Building Indonesia from the periphery by strengthening regions and villages within the framework of a unitary state is one of the contents of the nine Nawacita programs promoted by President Jokowi since 2014. Indonesia has 74,093 villages, in which more than 32.000 fall into the category of underdeveloped villages.¹ One of the implementations of the Nawacita program is the government's attention to villages by establishing a

ministerial-level state institution that deals with village problems. The institution is named the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration. The Ministry's establishment is the implementing agent of Law Number 6 of 2014 on Villages, which is expected to develop villages through structural and cultural approaches.

A village is a unit of traditional society as a subject of development.

1 Gabriella Hanny Kusuma, "Innovation Challenges of Village-owned Enterprises", KINERJA Volume 23, No. 1, 2019 Page. 54-66.

One of the most important solutions for sustainable rural development is village entrepreneurship which can resolve major challenges such as unemployment and low income in villages. Development is a process to increase capacity and generate sustainable improvements. Law Number 6 of 2014 provides a new spirit for villages to empower themselves with the spirit of village building as the initial milestone in the success of national development.

Based on theoretical studies on the village economy, the village has extremely strong and entrenched community social capital. One of them is the variety of strong social ties and solidarity possessed as an important buffer for government, development, and society. However, the condition of social capital is still inversely proportional to the condition of economic capital, in which the three aspects of social capital: the social bonding, social bridging, and social linking are parochial and unable to facilitate economic development to create a socially vibrant village in the context of local democracy.²

The Indonesian economy is organized based on the principles of economic democracy with the principles

of togetherness, justice, sustainability, environmental insight, independence, and maintaining a balance of progress and national economic unity.³ Based on the above reality, the formation of Village-Owned Enterprises (BUMDes) is the embodiment of the mandate of Article 87 of Law Number 6 of 2014 which states that it was formed based on the spirit of kinship and cooperation to utilize all economic potential, economic institutions, as well as the potential of natural and human resources to improve the welfare of rural communities. The existence of Village-Owned Enterprises amid village communities runs businesses in the economic sector and public services and is not only profit-oriented but also supports improving the welfare of rural communities.⁴

Village-Owned Enterprises (BUMDes) have now been officially established as legal entities through the Job Creation Law. Previously, the status has been a problem since 2014, because Law Number 6 of 2014 on Villages mentions Village-Owned Enterprises as a business entity but has not been explicitly stated as a legal entity.⁵ In Article 117 of Law Number 11 of 2020 on Job Creation, it is written: "*Village-Owned Enterprises,*

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- 2 Budi Susilo and Komara, "Membangun Gerakan Desa Wirausaha", (Yogyakarta: Yayasan Penabulu, 2016), p. 115.
 - 3 Admin, "Pendekatan Utuh Penguatan Kelembagaan Ekonomi Desa", Keuangan Desa, <http://www.keuandangdesa.com/pendekatan-utuh-penguatan-kelembagaan-ekonomi-desa/> (accessed 8 June 2021).
 - 4 D.M. Markley, "Local Strategies for Responding to Rural Restructuring: The Role of Entrepreneurship. Globalization and Restructuring in Rural America" (Paper at the Conference ERS-USDA, Washington DC, 2005).
 - 5 Antoni Putra, Penerapan Omnibus Law dalam Upaya Reformasi Regulasi. Jurnal Legislasi Indonesia Vol. 17 No. 1, Mar 2020, p. 5.

hereinafter referred to as BUM Desa, are legal entities established by villages and/or together with villages to manage businesses, utilize assets, develop investment and productivity, providing services, and/or other types of business for the maximum welfare of the Village community.”

Village-Owned Enterprises has a significant contribution to poverty alleviation through “social business activities” in the community; Therefore, it needs to be empowered.⁶ The establishment of Village-Owned Enterprises as a legal entity is one of the efforts made by the government to accelerate the economic improvement of rural communities.⁷ Village-Owned Enterprises as a village economic institution has an important role that the government needs, to support development of small and medium industries.⁸ From the center to the regions, government commitment is needed to form a network marketing group through these enterprises. If the government does not prepare a market network, it will be difficult for domestic products to compete with other products in the ASEAN region.

The ASEAN Economic Community opens opportunities for the opening of

cross-regional free markets, where each country has a balanced opportunity to compete with each other. The era of global trade is marked by the rapid advancement of information technology, thus making the boundaries between countries increasingly apparent. Indonesia positions itself as a potential resource, both natural and human, to compete by increasing the competitiveness of business actors. As business and economic development institutions for rural communities, Village-Owned Enterprises are expected to produce superior local products that can become a positive image in free-market competition.

Therefore, it can be concluded that a village with extraordinary resources will lose the competition if it cannot create community welfare, hence it requires creative efforts in developing its social capital. It is important to pay attention to rural communities’ business and economic development because it will increase competitiveness, which encourages economic growth and has a positive impact on the national level in facing free-market competition. The establishment of Village-Owned Enterprises as a legal entity is one of the government’s efforts which is expected to be supported.

6 Prabowo, T.H.E., 2014, Developing Bumdes (Village-owned Enterprise) for Sustainable Poverty Alleviation Model Village Community Study in Bleberan-Gunung Kidul-Indonesia. *World Applied Sciences Journal* 30 (Innovation Challenges in Multidisciplinary Research & Practice), pp. 19-26.

7 Editorial Team, “BUMDes Resmi Jadi Badan Hukum Lewat UU Cipta Kerja”, *Kumparan*, <https://kumparan.com/kumparanbisnis/bumdes-resmi-jadi-badan-hukum-lewat-uu-cipta-kerja-1ucq4PD69ur> (accessed 8 June 2021).

8 Iit Novita Riyantidan, Optimalisasi Peran Badan Usaha Milik Desa (BUMDes) Singajaya dalam Meningkatkan Kesejahteraan Masyarakat. *Jurnal al-Idarah* Vol. 2, No. 1, Feb 2021, p. 82.

The Job Creation Law presents many regulatory changes for Village-Owned Enterprises, one of which is the status of a legal entity as mentioned above. First, this article will analyze the definition of Village-Owned Enterprises and its implementation challenges in Indonesia. Second, changes caused by the provisions of the Job Creation Law. Third, the mechanism for registering Village-Owned Enterprises as a legal entity, and the legal vacuum needs to be clarified. Finally, the positive impact for Village-Owned Enterprises in dealing with ASEAN Free Trade.

B. Research Method

Research is a scientific activity based on analysis and construction that is carried out systematically, methodologically, and consistently.⁹ The author will answer the problems in this study with a normative juridical method based on legal norms related to the problem. This study is descriptive analytical through library research which includes primary legal materials in the form of laws and regulations, and secondary materials in the form of books, journals, news, and official reports.

C. Discussion

1. Definition of Village-Owned Enterprises

Article 1 Section 6 of the Village Law states that Village-Owned Enterprises

is a business entity whose capital is wholly or most of the capital owned by the village through direct participation from village assets which are separated in order to manage assets, services, and other businesses for the greatest welfare of the village community. However, the establishment of the Job Creation Law, in Article 117, has changed the provisions. Based on Article 117 of Job Creation Law, Village-Owned Enterprises (BUMDes) are legal entities established by villages and/or together with villages to manage businesses, utilize assets, develop investment and productivity, provide services, and/or other types of businesses for the greatest welfare of the village community. Government Regulation of the Republic of Indonesia Number 11 of 2021 on Village-Owned Enterprises as one of the derivative regulations of the Job Creation Law states that "*Village-Owned Enterprises can be a contributor to the Village's Original Income (PADesa). Therefore, in the future, Village-Owned Enterprises believed to be the lever of the Village.*" As one of the economic institutions in rural areas, Village-Owned Enterprises must be different from other economic institutions in general. This is intended so that the existence and performance can significantly contribute to improving the welfare of villagers.

According to the Center for Development System Dynamic Study, seven main characteristics that distinguish

9 Soerjono Soekanto, *Pengantar Penelitian Hukum* (Jakarta: UI Press, 1986), p. 3.

ish Village-Owned Enterprises from commercial economic institutions in general, namely.¹⁰

- a. It is owned by the village and managed jointly.
- b. Business capital comes from the village and the community through equity participation.
- c. Its operation uses a business philosophy rooted in local culture.
- d. The business carried out is based on the potential and results of market information.
- e. The profits are aimed at improving the welfare of members and the community through village policies.
- f. Facilitated by the government (provincial, regency, and village).
- g. The implementation of the operationalization is jointly controlled by the Village Government, the Village Consultative Body, and members.

The establishment and management of Village-Owned Enterprises is a manifestation of the village's productive economic management, which is carried out in a cooperative, participatory, emancipatory, transparent, accountable, and sustainable manner. Therefore, serious efforts are needed to manage it

effectively, efficiently, professionally, and independently.¹¹ The main objectives of establishing Village-Owned Enterprises are improving the village economy by increasing the original income, improving the processing of village potential, and become the backbone of village economics growth and equity.

However, Village-Owned Enterprises are not solely for profit, but also social and non-economic benefits. Other benefits are expected to be able to strengthen togetherness, and encourage the growth of initiatives to develop villages independently. One of the benefits of establishing Village-Owned Enterprises is accommodating the existing entrepreneurial communities as the main attraction for young entrepreneurs committed to develop the village economy and take care of their village.

A major challenge of the Village-Owned Enterprises in Indonesia is its sustainability related to the lack of skills, financial support, knowledge about entrepreneurship, and the uncertainty and ambiguity in the implementation.¹² The proper development and management of Village-Owned Enterprises is a framework for realizing a democratic village economy,¹³ which can have a

10 Departemen Pendidikan Nasional Pusat Kajian Dinamika Sistem Pembangunan (PKDSP), *Buku Panduan Pendirian dan Pengelolaan Badan Usaha Milik Desa (BUMDes)*, (Jakarta: Fakultas Ekonomi Universitas Brawijaya, 2017).

11 Nadya Pakaya, *Transparansi Pengelolaan Badan Usaha Milik Desa (BUMDes) di Desa Kamanga Kecamatan Tompaso*. *Jurnal UNSRAT*, p. 5.

12 Brines, S., Shepherd, D., and Woods, C., *SME family business innovation: exploring new combination*. *Journal of Family Business Management*, pp. 117-135.

13 Indarti, N. and Langenberg, M., "Factors affecting business success among SMEs: Empirical evidences from Indonesia" (Paper at the Second Bi-Annual European Summer University, Enschede, The Netherlands: University of Twente 19, 2004).

major impact on national economic development and bring Indonesia to be economically sovereign in facing the challenges of globalization on a regional and international economic scale.

2. Implications of Job Creation Law to Village-Owned Enterprises as a Legal Entity

The Omnibus Law was created with the intention of overcoming problems related to the complexity of licensing and overlapping regulations that can hinder investment. There are three clusters created, namely the Job Creation Law, the Taxation Law, and the Community Empowerment Law. The House of Representatives (DPR) has ratified the Omnibus Law, including the Job Creation Law on Monday, at 5 October 2020, which includes changes and simplifications of 79 laws and 1,203 articles.¹⁴ The urgency of the Job Creation Law is the dynamics of global change that needs to be responded quickly and accurately so that various problems can be resolved, because Indonesia's economic growth will slow down without policy reformulation. It is expected that the Employment Creation Law will change the economic structure that can move all sectors to encourage economic growth, including by providing

ease and certainty of doing business. This law will encourage debureaucratization so that government services will run more efficiently through the implementation of NSPK (Norms, Standards, Procedures, and Criteria) and the use of electronic systems.¹⁵

The derivative provisions related to Village-Owned Enterprises of the Job Creation Law are Law Number 11 of 2020 on Job Creation, followed by the issuance of Government Regulation Number 11 of 2021 on Village-Owned Enterprises and Regulation of the Minister of Village, Development of Disadvantaged Regions, and Transmigration (Mendes PDTT) Number 3 of 2021 on Registration, Data Collection, and Ranking, Guidance, and Development, and Procurement of Goods and/or Services for Village-Owned Enterprises or Joint Village-Owned Enterprises.¹⁶

The Job Creation Law (UU Ciptaker) makes it easier for Village-Owned Enterprises, as a new legal entity. The lack of legal standing for Village-Owned Enterprises has made it difficult for them to establish business cooperation with other parties and reach banking capital, which hampers the opportunity for Village-Owned Enterprises to expand their business. Through various existing

14 Fajar Pebrianto, "Pengusaha Minta Pemerintah Susun Aturan Turunan UU Omnibus Law Cipta Kerja, Tempo, <https://bisnis.tempo.co/read/1393598/pengusaha-minta-pemerintah-susun-aturan-turunan-uu-omnibus-law-cipta-kerja> (accessed 10 June 2021).

15 Agus Suntoro, Implementasi Pencapaian Secara Progresif dalam Omnibus Law Cipta Kerja. *Jurnal HAM* Vol. 12 No. 1 (2021), p. 5.

16 Ardiki Valdi, Pengelolaan Badan Usaha Milik Desa (BUMDes) Ditengah Pandemi Covid-19. *Jurnal Politico* Vol. 10, No. 4, 2021, p. 2.

regulations, Village-Owned Enterprises will be legally able to establish business cooperation with other legal entities such as Limited Liability Companies (PT), State-Owned Enterprises (BUMN) at the national level, and Regional-Owned Enterprises (BUMD) at the regional level. Village-Owned Enterprises are also eligible for government and commercial banking credit schemes.¹⁷

Legal Entity is a translation of legal terms namely *rechtspersoon*, which is the opposite of *natuurlijk persoon* (human). According to E. Utrecht, a *rechtspersoon* is a body with the power (authority) to support rights.¹⁸ R. Rochmat Soemitro also stated that a legal entity is an entity that can have assets, rights, and obligations like an individual.¹⁹ Complementing what was conveyed by the previous experts, Purnadi Purbacaraka and Agus Brotosusilo gave the understanding of a legal entity as an entity that has assets regardless of its members, is considered a legal subject so that it can carry out legal actions, carry out responsibilities, have rights and obligations. Thus, based on the opinions above, it can be concluded that the definition of a legal entity as a legal subject includes the following.

- a. Association of people.
- b. Able to perform legal actions (*rechtshandeling*) in legal relationships (*rechtsbetrekking*).
- c. Have separate assets.
- d. Have a manager.
- e. Have rights and obligations.
- f. Able to act as a party before the court.

When viewed from the juridical status, business entities can be distinguished into business entities that are legal entities and business entities that are not legal entities.²⁰ Business entities that are legal entities have rights and obligations, while business entities that are not legal entities do not. The legal consequence of this is that a third party who has an engagement with a business entity that is not a legal entity can only sue the founder or management, and not a business entity appropriately as to a business entity with a legal entity. Another difference is the obligation to register a company that is a legal entity with the government, while a company that is not a legal entity is not obliged to do so.²¹

The position of Village-Owned Enterprises in the Job Creation Law is as a New Entity Legal Entity whose position is equivalent to a Limited

17 Amalia Purnama Sari, "Gus Menteri Tegaskan BUMDes Jadi Badan Hukum Ketika Sudah Ada Peraturan Desa", Kompas, <https://nasional.kompas.com/read/2020/12/14/16000071/gus-menteri-tegaskan-bumdes-jadi-badan-hukum-ketika-sudah-ada-peraturan-desa?page=all> (accessed 8 June 2021).

18 Chidir Ali, *Badan Hukum*, (Bandung: Alumni, 2005), p. 108-109.

19 Wirjono Prodjodikoro. *Asas-Asas Hukum Perdata*. (Bandung: Bale Bandung. 1987), p. 23.

20 *Ibid.*

21 Editorial Team, "Perbedaan Badan Usaha Berbadan Hukum dengan Badan Usaha Tidak Berbadan Hukum", PKBH UAD, <http://pkbh.uad.ac.id/perbedaan-badan-usaha-yang-berbadan-hukum-dengan-badan-usaha-yang-tidak-berbadan-hukum/> (accessed 11 June 2021).

Liability Company which is equivalent to BUMN at the national level and BUMD at the regional level as explained in the Elucidation of Article 117 of the Job Creation Law which amends Article 787 of the Village Law in which the position of Village-Owned Enterprises as legal entities are no equivalent to companies and cooperatives. The expected positive impact of the status of Village-Owned Enterprises as a legal entity is to facilitate village partnerships, facilitate the promotion of various regional potentials, and accelerate regional economic improvement.

The position of Village-Owned Enterprises as a legal entity means that it will have nothing to do with the village head regardless of the political process that occurs in the village. The status of a legal entity makes the role of Village-Owned Enterprises increasingly important, among others, as a consolidator of products or services, producers of various needs, and community business incubators.

The organization itself consists of Village Deliberations, Advisors, Operational Executors, and Supervisors. The Operational Executor is authorized to cooperate with other parties to develop the Village-Owned Enterprises or Joint Village-Owned Enterprises business after obtaining the approval of the Village Deliberation or Advisors and Supervisors in accordance with the provisions in the Articles of Association. Article 26

of Government Regulation Number 11 of 2021 explains that the Operational Executor of Village-Owned Enterprises or Joint Village-Owned Enterprises holds a position for five years, and can be reappointed for two terms of office with the consideration that they are considered capable of carrying out their duties properly during their term of office, regeneration, avoiding conflicts of interest.

In Article 49 of Government Regulation Number 11 of 2021, it is stated that Village-Owned Enterprises or Joint Village-Owned Enterprises may own and/or form a Village-Owned Enterprises or Joint Village-Owned Enterprises in accordance with the provisions of the legislation. This business unit has a strategic function, related to the livelihood of the people and general welfare. Article 50 then explains how Village-Owned Enterprises or Joint Village-Owned Enterprises Business Units obtain financial benefits and benefits the community through various activities.

Through various regulations derived from the Job Creation Law, it is now possible for Village-Owned Enterprises to expand the field of business they carry out. Government Regulation Number 5 of 2021 as one of the derivative regulations allows Village-Owned Enterprises to manage water resources businesses and parts of toll and non-toll roads. Government Regulation Number 29 of 2021 stipulates that halal Village-

Owned Enterprises partner to manage passenger terminals and participate in managing people's markets. Then through Government Regulation Number 30 of 2021, it is possible for Village-Owned Enterprises to cooperate in motor vehicle testing, calibration and maintenance services. Village-Owned Enterprises are even allowed to run businesses in forestry areas, processing logs into sawn timber products with a production capacity of less than 2,000 m³ each year, and processing non-timber forest products on a small scale.

Furthermore, regarding the convenience of credit schemes, the government has been trying to find various steps by collaborating with Micro Waqf Banks in recent years. This is because the capital requirement which may be very hard for Village-Owned Enterprises whose funding is from village funds.²² Thus, granting legal entity status to Village-Owned Enterprises is expected to eliminate obstacles related to credit from the government and banks.

3. Establishment Process of Village-Owned Enterprises Establishment Process in the Job Creation Law

Provisions regarding the establishment of Village-Owned Enterprises or Joint Village-Owned Enterprises are

contained in Chapter II of Government Regulation Number 11 of 2021, Articles 7 to 10. Article 7 states that a Village-Owned Enterprises is established by a village-based on a Village Deliberation and establishment is determined by a Village Regulation, while two or more villages establish a Joint Village-Owned Enterprises based on an Inter-Village Deliberation and a Joint Village Head Regulation is stipulated. The Village Regulations and the Joint Regulations of the Village Head shall at least contain the establishment of Village-Owned Enterprises or Joint Village-Owned Enterprises together, Articles of Association together, and determination of the amount of Village and/or Village community capital participation in the framework of establishing together.²³

Establishment of Village-Owned Enterprises as a legal entity begins when the village has established village regulations, which are the product of village deliberations that are ratified and signed by the village head. In Government Regulation Number 11 of 2021 on Village-Owned Enterprises, Village-Owned Enterprises must undergo a registration process at the Ministry of Village, Development of Disadvantaged Regions and Transmigration of Republic of Indonesia (Kemendes PDTT) to avoid several things such as similar names.

22 Adhitya Himawan, "Mendes Akui Syarat Modal dari Bank Terlalu Berat Bagi BUMDes", *Suara*, <https://www.suara.com/bisnis/2018/03/15/134502/mendes-akan-sinergikan-bumdes-dengan-bank-wakaf-mikro?page=all> (accessed 8 June 2021).

23 Mumuh Muksin, *Tata Kelola Badan Usaha Milik Desa (BUMDes) Dalam Perspektif Ekologi Administrasi*. *Jurnal Inovasi Penelitian* Vol. 2, No. 1, June 2021, p. 206.

The name of the proposed Village-Owned Enterprises (BUMDes) contains three items, namely BUMDes, the name chosen and the village's name.²⁴ It is then proceeded to the Ministry of Law and Human Rights (Kemenkumham) to be documented. This is done because as a legal entity, Village-Owned Enterprises can create a new legal entity such as a Limited Liability Company (PT). Then, the registration process is continued by sending data to the Ministry of Cooperatives and Small and Medium Enterprises (SMEs), and other relevant ministries.²⁵ As mentioned in Article 8 of Government Regulation Number 11 of 2021, Village-Owned Enterprises (BUMDes) or Joint Village-Owned Enterprises (BUMDes) shall obtain the status of a legal entity upon the issuance of the electronic registration certificate of the minister who carries out government affairs in the fields of law and human rights.

Mendes PD TT emphasized that if one village could only establish one Village-Owned Enterprises, it was certain that the number would not exceed the number of villages as many as 74,953. However, when it comes to the Joint Village-Owned Enterprises (BUMDes), each village can have more than one Joint Village-Owned

Enterprises based on the joint decision of the village heads. This depends on the need for joint efforts to prosper the lives of rural communities. The establishment of Joint Village-Owned Enterprises is also not limited in terms of zoning and territory, as long as there is a common goal and vision.²⁶

Arrangements for the formation and management of Village-Owned Enterprises or Joint Village-Owned Enterprises together as legal entities according to Government Regulation Number 11 of 2021 are adjusted to corporate principles, but still places the spirit of kinship and mutual cooperation as the main pillars; This is acknowledged by placing the Village Deliberation as the highest organ in decision-making.

4. Increasing Village-Owned Enterprises Productivity in Facing the ASEAN Economic Community

In a fast-paced world, various changes have to be addressed by world's countries every day, including Southeast Asian countries. In the economic field, the ASEAN Economic Community (AEC) was formed, which is an effort to integrate the economies of Southeast Asia to reduce or even eliminate all obstacles to improve

24 Vendy Yhulia Susanto, "Menteri Desa PD TT: Sudah ada 88 BUMDes Mendaftar Sebagai Badan Hukum", Kontan, <https://nasional.kontan.co.id/news/menteri-desa-pdtt-sudah-ada-88-bumdes-mendaftar-sebagai-badan-hukum?page=2> (accessed 8 June 2021).

25 Jayanty Nada Shofa, "Kedudukan BUMDes sebagai Badan Hukum Kunci Pengembangan Desa", Berita Satu, <https://www.beritasatu.com/nasional/705525/kedudukan-bumdes-sebagai-badan-hukum-kunci-pengembangan-desa> (accessed 8 June 2021).

26 Nurcholis Ma'arif, "Mendes Jelaskan Cara BUMDes Bisa Berbadan Hukum", Detik News, <https://news.detik.com/berita/d-5283263/mendes-jelaskan-cara-bumdes-bisa-berbadan-hukum> (accessed 8 June 2021).

the economy, such as trade in goods, services, and investment.²⁷ The Asean Economic Community was initiated by the 1997 Summit (KTT) agreement in Kuala Lumpur, Malaysia, which resulted in the ASEAN Vision 2020 to make the Southeast Asian economy more prosperous. The AEC was established and implemented in 2015 based on 4 (four) pillars, namely.²⁸

- a. Making ASEAN as a single market and international production base, including elements of free flow of goods, services, investment, educated labor, and freer flow of capital.
- b. Realizing ASEAN as a competitive economic region. This highly competitive economy must have competition regulations, consumer protection, intellectual property rights, infrastructure development, taxation, and e-commerce.
- c. Creating ASEAN as a region with equitable economic development, including small and medium business development elements.
- d. Making ASEAN as a fully integrated region with the global economy, including elements of a coherent approach to economic relations outside the region and increasing

participation in global production networks.

Countries in the ASEAN region are determined to increase economic growth and competitiveness among countries in the face of global competition. For Indonesia, the existence of the AEC is the initial stage to develop various qualities of the economy in the Southeast Asia region in developing a free market.²⁹ Indonesia must also be prepared as early as possible to face the AEC from the central to the village level. At the village level, the role of Village-Owned Enterprise should be maximized as a driving force for the economy.³⁰

The implementation of One Tambon One Product (OTOP) program in Thailand, which was made as a breakthrough to drive domestic production, especially local products in the area, can be one of the references to increase the effectiveness of Village-Owned Enterprises in achieving various desired goals. The OTOP program encourages each tambon to rely on local natural traditions to utilize local natural, human, and technological resources. The three missions of the OTOP program are to globalize local products, produce products on their creativity and

27 Suara Mahasiswa, Tantangan Pada Masa Masyarakat Ekonomi ASEAN", Binus, <https://binus.ac.id/character-building/2020/05/tantangan-pada-masa-masyarakat-ekonomi-asean/> (accessed 10 June 2021).

28 Harditya Bayu Kusuma, Pengembangan BUMDes dalam Menjaga Kemandirian Desa Menghadapi Masyarakat Ekonomi ASEAN (MEA). *Jurnal Desentralisasi* Volume 13, No. 2, p. 120.

29 Admin, "Peluang dan Tantangan dalam Menghadapi MEA", Provinsi Babel, <http://bandiklat.babelprov.go.id/2016/11/14/peluang-dan-tantangan-dalam-menghadapi-mea> (accessed 10 June 2021).

30 Nike Kusumawanti, BUMDes and ASEAN Economic Communities in Developing Rural Economy. (Paper at the International Conference ASEAN Golden Anniversary, 22-23 August 2017).

abilities, and develop human resource capabilities.³¹ The concept above is inseparable from community economic institutions' role in building and improving the quality of resources through the use of superior commodity for business and economic development.

The government's move to issue Village-Owned Enterprise regulations as a legal entity with all implications is the right step to increase the competitiveness of Village-Owned Enterprise amid of global competition. Opportunities to cooperate with other legal entities open many promising opportunities for Village-Owned Enterprise. In addition, easier government, and commercial banking credit schemes also open wider opportunities to expand their business for development, distribution of production commodities, product quality, and marketing.³²

However, the government is expected to wait for Village-Owned Enterprises registration, and actively disseminate information about the importance of creating Village-Owned Enterprises to support the village economy. To create village competitiveness, it is necessary to inventory the potential of each village to be used as superior local products. Therefore, the government as the regulator can also urge the village

community to prioritize region's unique potential as a Village-Owned Enterprises commodity. Through data collection in the Omnibus Law, the government should continue to supervise and provide guidance to Village-Owned Enterprises after its registration as a legal entity.

D. Conclusion

Changes in Village-Owned Enterprises arrangements in the Law Number 11 of 2020 on Job Creation have many positive implications and increase competitiveness at the international level. Village-Owned Enterprise as a legal entity as regulated in the Job Creation Law is expected to be a way out for the status of Village-Owned Enterprise so far, so that it is expected to have a positive impact on the village economy and will even have a huge impact on the national level if implemented massively. As a legal entity, Village-Owned Enterprise will also have the same characteristics as other legal entities in general; It can have separate assets and can act as *rechtspersoon*. This is expected to make it easier for them to establish relationships with other legal entities such as PT, BUMN, and BUMD. In addition, this also makes it easier for them to get financial assistance which has been one of the obstacles.

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- 31 Arsoowan Laeha, Implementasi Kebijakan One Tambon One Product dalam Rangka Meningkatkan Partisipasi Masyarakat di Kecamatan Natam Provinsi Yala Thailand. *Jurnal Jejaring Administrasi Publik* Vol. 5 No. 1, p. 236).
- 32 Heri Faisal, "Kembangkan BUMDes, Perbankan Jamin Bantu Permodalan", *Finansial Bisnis*, <https://finansial.bisnis.com/read/20170515/90/653485/kembangkan-bumdes-perbankan-jamin-bantu-permodalan> (accessed 11 June 2021).

However, the government should also conduct more massive dissemination to Village-Owned Enterprise throughout Indonesia regarding all the implications of changing this provision to obtain maximum benefits. The author hopes that implementing regulations related to Village-Owned Enterprises can be disseminated properly and evenly. In addition, the bureaucracy for licensing is expected to run easily. To increase competitiveness, the government can take inspiration from the implementation of similar programs in other countries where the regulator urges each Village-Owned Enterprise to raise the local culture so that a clear differentiation can be seen, which will then increase sustainability in the long term.

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