

## Research article

# Comparative Study of the Adaptive Strategies Used by village-owned enterprises in South Sulawesi During the Covid-19 Pandemic

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**Abstract.**

Village-owned enterprises (BUMDes) have been greatly affected by the COVID-19 pandemic. However, some BUMDes have been able to survive and even thrive in the midst of the pandemic. This study sought to reveal the adaptation strategies carried out by BUMDes in order to survive or even further develop during the COVID-19 pandemic. Qualitative descriptive methods were used with a comparative approach by conducting interviews and observations on three BUMDes in South Sulawesi Province, namely BUMDes Jaya Mandiri Kab. Soppeng, BUMDes Mattuju Kab. Pangkep, and BUMDes Bonto Sunggumanai Kab. Gowa. The results of the study revealed that the adaptation strategies carried out by each BUMDes were different depending on the type of BUMDes business and the leadership style of the BUMDes director/management. BumDes Jaya Mandiri was able to develop during the pandemic by using a prospector-type strategy, namely conducting business development by reaching all village communities and developing a good credit business. The business strategy carried out by the other two BUMDes was a reactor strategy, which aimed to promote efficiency by reducing costs and resources and developing the business unit in the form of product production. These findings can be used to inform efforts to strengthen the local economy by finding the right strategy for BUMDes.

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## 1. Introduction

The impact of COVID-19 on the business sector is almost evenly felt in all lines, from medium and large businesses to micro and small businesses, both in urban and rural areas. Likewise, Village-Owned Enterprises (BUMDes), which are the drivers of the economy of rural communities, have also been affected by COVID-19. However, not a few BUMDes are able to survive or survive in the midst of a pandemic. As mentioned by the Minister of Villages, Development of Disadvantaged Regions, and Transmigration (Mendes PD TT) on Tempo [1] website saying that of approximately 51,000 BUMDes that have been formed throughout Indonesia, around 37,000 have carried out business activities before the pandemic, of which around 10,026 are still surviving amidst the

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pandemic. BUMDes. Based on this data, it illustrates that each BUMDes has its own characteristics and strategies in adapting and surviving and even finding innovations in the midst of the current pandemic. This is in line with previous research [2] about the Cibodas Village BUMDes Survival Strategy during the pandemic, Karya Mandiri BUMDes can continue to run and survive because of the various strategies carried out including identifying problems, exploring the needs of village communities, developing strategies by maximizing the local potential of the village, and collaborate with various parties. This is also reinforced by various theories or business strategy models carried out by organizations to survive and adapt to environmental changes such as the strategy model that was first introduced by the US Army War College [3] which is now widely applied in various fields including the business world, namely VUCA (Volatility, Uncertainty, Complexity, Ambiguity) model. VUCA is an analytical model used in problem solving by considering four aspects, namely, anomalies, uncertainty, complexity, and ambiguity. Meanwhile, another adaptive strategy model was developed by [4] which focuses on the success of an organization in adapting to environmental changes by implementing four strategies, namely Prospectors, Defenders, Analyzers, and Reactors. Successful BUMDes are BUMDes that are able to adapt to environmental changes, including the COVID-19 pandemic. Are BUMDes in South Sulawesi Province able to adapt as BUMDes Cibodas in West Java.

The impact of covid 19 on BUMDes in South Sulawesi Province is also very significant. Based on BPS data [5] on the 2019 village potential map, BUMDes data in 2019 was around 2,463. This number has decreased compared to 2020 based on data from the South Sulawesi Village Community Empowerment Service (PMD) [6] the number of BUMDes in 2020 is around 2,208 while those who are still active or carrying out economic activities during the pandemic based on data from the Regional Assistance Consultant (PWK) of South Sulawesi BUMDes are only around approximately. 1847. Based on this data, it illustrates that the impact of the pandemic on BUMdes is also very significant, but on the other hand it also gives an illustration that even though it was hit by a pandemic, some BUMDes were able to survive and carry out economic activities. Based on data from the South Sulawesi PMD Service, there are four BUMDes that can be included as advanced categories in the midst of this pandemic, namely BUMDes Bonto Sunggumanai Kec. Pattalassang Kab. Gowa, BUMDes Jaya Mandiri, Mariorilau Village, Kab. Soppeng, BUMDes Mattuju Kab. Pangkep, and BUMDes Pajjukukang Kab. bantaeng.

Researchers focus on the study of BUMDes because BUMDes currently has a central role in the development of the local economy, especially during the pandemic. The

Ministry of Villages has issued regulations regarding the priority of using village funds during the pandemic to support national economic recovery, one of which is the development of BUMDes. The success of BUMDes certainly has a positive impact on strengthening the local economy and national economic recovery. The research locust that the researcher appointed as the object of research is BUMDes Bonto Sunggumanai Kec. Pattalassang Kab. Gowa, BUMDes Jaya Mandiri, Mariorilau Village, Kab. Soppeng, and BUMDes Mattuju Kab. Pangkep. The researcher chose this locust because the BUMDes were representative of the BUMDes that were able to survive in the midst of a pandemic based on the recommendation from the Regional Assistance Consultant (KPW) of South Sulawesi, the BUMDes had an increase in turnover in the midst of a pandemic compared to other BUMDes.

Based on this, researchers are interested in comparing the strategies carried out by each BUMDes in adapting to the covid 19 pandemic. The strategy is important to study because in several previous cases, the success of a business was due to the accuracy in choosing a strategy. there were several BUMDes before the pandemic were able to achieve achievements, but during the pandemic they experienced setbacks because they did not choose the right strategy.

## 2. Literatur Rivew

Miles and Snow in 1978 mapped four typologies of organizational strategies used by companies in competition. These typologies are prospector, defender, analyzer, and reactor which are described as follows:

1) Prospector is the type of organization that constantly monitors market opportunities almost all the time, and regularly conducts experiments on the customer experience. This allows this type of organization to often create innovation as well as market uncertainty. However, because the focus is on product innovation and market changes, it creates inefficiency.

2) Defender is a type of organization that has a narrow product marketing domain. The focus of this type of organization is to make specific products whose areas of operation are limited so that they do not have to look for new opportunities outside their domain. Because of this, they rarely make important adjustments in technology, structure, or operating methods. So their focus is devoted to improving operating efficiency.

3) Analyzer is an organization that operates in two types, namely half Defender but half Prospector, meaning that the product-market has a stable domain but continues to innovate. This type of organization when faced with a stable state will operate routinely

and efficiently through the formulation of the use of standardized structures and processes. However, in their more volatile areas, they closely monitor their competitors' innovations and then intelligently adopt them.

4) Reactors is a typology that describes organizations that often have the perception that change and uncertainty have occurred in their organizational environment, but do not have the ability to provide an effective response. This type of organization is less consistent with the strategy they have, so they rarely take action to adjust to the transformations that occur in their environment.

### 3. method

This study uses a qualitative descriptive method by comparing the focus of the research studied. With a comparison model, in-depth studies and observations were carried out on the adaptation strategies of each BUMDes during the COVID-19 pandemic. The research was conducted by direct observation to the location of BUMDes by observing the activities of the BUMDes business unit and conducting interviews with the director of BUMDes, the manager of the business unit, and the village head. The results of observations and interviews are then processed and analyzed. Data analysis techniques are carried out through several processes, namely data triangulation, data verification, data validity, drawing conclusions and recommendations.

## 4. Results and Discussion

### 4.1. Description of each BUMDes development

The development of the three BUMDes which are the locus of research is seen from four aspects as stated in the results of previous research [7], indicators for the development of BUMDes are arranged based on 4 (four) aspects, namely: Economic Dimension, Social Dimension, Environmental Dimension, and Management Dimension

#### Economic Dimension

The economic dimension includes financial conditions, the economic environment of BUMDes, such as business units, business products, business networks and profits

From three BUMDes that became the locus of the research, it was found that each BUMDes already had more than one business unit and had various business units based on regional conditions and local community conditions.

Of the several business units owned by BUMDes, each BUMDes has a main business unit. Independent BUMDes Jaya which is domiciled in mountainous areas and far from urban areas makes more use of the trading business unit by meeting the needs of local residents. BUMDes Mattuju which is domiciled around the coast in Pangkep Regency makes more use of the milkfish processing business unit. Meanwhile, BUMDes Bonto Sunggumanai is domiciled in the outskirts of Kab. Gowa makes more use of agribusiness

In terms of the benefits that BUMDes get during COVID-19 pandemic. Out of the three BUMDes only BUMDes Jaya Mandiri Kab. Soppeng which experienced a significant increase in income. Meanwhile, the other two BUMDes tend to stagnate or even decline more than before the pandemic period.

## 4.2. Social Dimension

The social dimension includes the contribution of BUMDes in social life such as social life, health and education.

The three BUMDes have shown their contribution to the social life of the community. BUMDes Jaya Mandiri makes empowerment through mutual savings where the community can use the savings for urgent needs. BUMDes Mattuju made a breakthrough by creating a coastal school to help local residents from illiteracy. Meanwhile, BUMDes Bonto Sunggumanai empowers women as BUMDes business partners

## 4.3. Environmental Dimension

Includes the involvement of BUMDes activities on environmental issues. Of the three BUMDes, only BUMDes Bonto Sunggumanai has more visible activities on environmental issues such as recycling plastic into a craft that has economic value.

## 4.4. Management Dimension

The management dimension includes the ability to manage BUMDes such as the competence of BUMDes managers, administrative systems, reporting systems and other documents.

The thing that stands out from three BUMDes related to the management aspect is that three BUMDes have BUMDes managers who have skillful competencies and have background in business and community empowerment. Meanwhile, from the aspect

of administration and reporting system, each BUMDes still uses a manual reporting system.

#### 4.5. BUMDes Adaptation Strategy

Looking at the indicators from three BUMDes, namely BUMDes Jaya Mandiri, BUMDes Mattuju and BUMDes Bonto Sunggumanai, it gives an illustration that the three BUMDes are progressing even though COVID-19 pandemic continues to hit three regions.

Those three BUMDes were able to develop despite COVID-19 pandemic, one of which was due to the accuracy of the strategic choices of each BUMDes. We portrayed the strategies of each BUMDes using the strategic typology proposed by Miles and Snow (1978) on four organizational strategy typologies in conducting competition, namely prospector, defender, analyzer, and reactor.

Prospector is the type of organization that constantly monitors market opportunities almost all the time, and regularly conducts experiments on its consumer experience. Defender is a type of organization that focuses on making specific products in a limited area of operation. and focus on improving operating efficiency. Analyzer is a type of organization that combines prospectors and defenders. Reactor is a type of organization that rarely adjusts to environmental changes that occur and does not have the ability to provide an effective response. The following is the implementation of each BUMDes strategy seen from the strategic choices selected based on Miles and Snow typology

#### 4.6. BUMDes Jaya Mandiri Kab. Soppeng

It can be concluded that BUMDes Jaya Mandiri Kab. Soppeng applies the Prospector strategy. The Prospector Strategy is a market development strategy by continuing to innovate. The indicators that prove that BUMDes Jaya Mandiri have the characteristics of the Prospector type of strategy are as follows:

1. Develop market share

BUMDes Jaya Mandiri from its inception only focused on the savings and loan business with a limited reach. However, during the COVID-19 pandemic, BUMDes Jaya Mandiri actually developed many businesses such as a goods credit business that replaced the savings and loan business. Goods credit business reaches all village residents without exception, this business has an impact on increasing BUMDes business income during the pandemic. This business is not affected by the pandemic because this business serves the basic needs of the community, especially in household equipment.

One of the reasons why market development strategies can work effectively is when new distribution networks are available that are reliable, inexpensive and of good quality [8]. BUMDes Jaya Mandiri in collaboration with one of the large shops in the Regency. Soppeng in providing products needed by the community. So that the needs of the community can be met and the price is relatively cheaper.

#### 2. Always innovate and creative

BUMDes Jaya is independent in developing its business during the COVID-19 pandemic, which is classified as innovative and creative. Because developing a business is not only focused on making profits but also focusing on empowering rural communities. This is what makes the BUMDes Jaya Mandiri business able to survive during the pandemic because the community takes care of the business because they get direct benefits from the BUMDes business.

### 4.7. BUMDes Mattuju Kab. Pangkep

It can be concluded that BUMDes Mattuju Kab. Pangkep applies the Defender strategy. Where the Defender strategy only focuses on making specific products and prioritizing efficiency. The indicator of BUMDes Mattuju implementing the Defender strategy can be seen from the efficiency efforts made by BUMDes in dealing with the impact of the COVID-19 pandemic. such as reducing the amount of production, limiting the number of workers and reducing working hours. The business of BUMDes Mattuju also only focuses on the milkfish processing business. The chosen strategy is able to make BUMDes survive, but on the other hand, BUMDes income has decreased significantly. On the other hand, what makes BUMDes Mattuju able to survive is the leadership ability of BUMDes managers to continue to seek access to product sales. The strength of BUMDes to survive during a pandemic cannot be separated from the personal ability of managers to manage BUMDes [9]

### 4.8. BUMDes Bonto Sunggumanai Kab. Gowa

It can be concluded that BUMDes Bonto Sunggumanai Kab. Gowa also applies the Analyzer strategy. Strategy analyzer is a combination of prospector and defender, on the other hand making efficiency to one business on the other hand doing new innovations to create new business opportunities and markets. The indicator that BUMDes Bonto Sunggumanai implements the Analyzer strategy can be seen from the efforts to reduce the amount of production from the business that has been run so far, namely the

production of bricks, such as reducing the amount of production. But on the other hand, BUMDes Bonto Sunggumanai also innovates by creating new businesses and opening up market opportunities through agribusiness. This makes BUMDes Bonto Sunggumanai able to survive and slowly increase revenue during the pandemic because it has many business variations that do not depend on only one business unit. This is in accordance with the results of previous studies [10] that BUMDes Bonto Sunggumanai was able to survive during the pandemic due to business diversification.

## 5. Conclusions

The conclusion from the results of this study is that choosing the right strategy in unstable conditions such as pandemic conditions make BUMDes able to survive and even increase income. The choice of strategy must take into account the type of business being developed and market conditions. BUMDes that are able to develop during a pandemic are BUMDes that have the type of business developed that is not affected by a decline in public demand or purchasing power. In this case, the manager's speed and accuracy in making strategic decisions makes BUMDes able to survive and succeed in the pandemic period.

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