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Analysis of Increasing Performance Effectiveness as an Effort to Sustain Village-Owned Enterprises in the Ngargoyoso Region, Karanganyar Regency

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Abstract

Good corporate governance is the key to a company's long-term survival. Many BUMDes have died because they do not implement good corporate governance. The purpose of this study is to analyse the increase in performance effectiveness as an effort to sustain Village-Owned Enterprises in the Ngargoyoso Region, Karanganyar Regency. This type of research is qualitative with data collection techniques, namely interviews, observation and documentation. The analysis used is descriptive with the stages of data reduction, data presentation, and conclusions. Data validity techniques include credibility tests and dependability tests. The results of the study are that Good Corporate Governance has not been implemented optimally and has not experienced optimal improvement. This is indicated by the effectiveness of BUMDes in achieving goals that have not been optimal overall. Most BUMDes have not succeeded in providing village original income according to target, which is caused by several factors such as limited capital, tight business competition, and low public awareness of the role of BUMDes. The effectiveness of BUMDes in managing resources has mostly been running well, although there are some that have not been fully optimal in managing village assets, such as many assets that have not been utilized optimally. Most BUMDes have routinely conducted internal evaluations with the village government at the end of each month. This evaluation is important to assess BUMDes performance periodically and provide opportunities for

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operational improvement. The majority of the community has felt the benefits of programs run by BUMDes. The Berjo Village community, for example, received assistance distributed to each hamlet for the Independence Day celebration activities.

Keywords: BUMDes, Good Corporate Governance, Performance, Optimization.

INTRODUCTION

Villages that have their own uniqueness and uniqueness cannot function without regulations that regulate and provide limitations and direction in the implementation of government. Law Number 6 of 2014 concerning Villages (Village Law) further strengthens the independence of village governments. With these regulations, village governments can now fully manage and build their own governments. Village-Owned Enterprises (BUMDEs) are a manifestation of the independence of management and development of the Village Government by utilizing village assets and potential in order to realize a people's economy (Satria, 2023).

Currently, Village-Owned Enterprises (BUMDes) are an important component in efforts to improve the village economy. The advancement of the village economy has an impact on the realization of community welfare. Here, the intention of village independence is to form BUMDEs. Article 1 paragraph (6) of the Village Law explains that BUMDEs are business entities with capital and ownership owned by the village based on existing potential with the aim of supporting the welfare of village communities through the management of assets, services, and other businesses.

The separation of village potential is managed with a spirit of mutual cooperation and kinship. Professionalism is highly upheld in managing BUMDEs with cooperative, participatory, and transparent principles. Village Original Income (PAD) and welfare increase along with the development of village potential management. Public services and the economy are regulated by the existence of BUMDEs and are carried out in accordance with the implementation corridor based on regulations. BUMDEs are expected to be able to provide concrete contributions to the welfare of rural communities because their existence is truly strategic to become a pioneering engine for village community welfare and the village economy (Dewi, 2014: 1).

Government Regulation of the Republic of Indonesia Number 43 of 2014 concerning the Implementing Regulations of Law Number 6 of 2014 concerning Villages in Article 1 number 7 states that Village-Owned Enterprises (BUMDesa) are formed

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through direct participation from separated Village assets. BUMDesa is responsible for managing assets, services, and other businesses to improve the welfare of the Village community.(Government of Indonesia, 2014). Each village is given the opportunity to manage its culture, human resources and natural potential through the establishment of business units that are tailored to local needs and potential. The purpose of establishing BUMDes is not only as an economic institution, but also plays a role in social, cultural and environmental progress in the village.

BUMDes received encouragement in its development from the central government to the village government. This encouragement was obtained in the form of grants or access to capital, technical assistance and access to markets, as well as priority in managing natural resources in the village. In Indonesia there are 51,000 BUMDes. Where only 37,000 were recorded as actively transacting before the pandemic. After the pandemic, only 10,600 BUMDes were transacting (CNNIndonesia 2020). The large number of BUMDes that were stalled or inactive made the president give instructions that the use of village funds must be followed by good supervision and management governance. (Tempo.com 2019). This means that most of the inactive BUMDes are caused by poor governance.

Research on the condition of BUMDEs reveals the fact that the implementation of BUMDEs is not transparent and accountable to increase village original income (PAD) (Anggraeni, 2016: 161). Information and communication patterns are another problem in the implementation of BUMDEs influenced by inadequate skills and knowledge regarding BUMDE governance (Nugrahaningsih, 2016: 43). Regional Regulations, Village Regulations, and regulations above them are the basis for the formation of BUMDEs, but BUMDEs cannot operate optimally to support village original income (PAD). Everything is just a mere formality (Ramadana et al., 2013: 1074).

In addition, there are difficulties in managing BUMDes(Juwita & Journali, 2020). BUMDes faces many problems and difficulties when developing. Some problems that may arise include communication problems of administrators, management of business units, internal personnel problems, and village potential that has not been utilized properly.(Suib & Faizah, 2019),(Hermansah et al., 2019). Problems experienced in managing BUMDes in the regions could be due to limitations in the types of different businesses that can be run, the human resources needed to manage them, and the lack of knowledge and community participation in BUMDes.(Nugraha & Kismartini, 2019). The

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village government plays an important role in encouraging village development by participating in the development of BUMDes in its area.(Juwita & Journali, 2020).

The many potential resources owned by villages in Karanganyar Regency need to be managed clearly and in a targeted manner. The economic performance of Karanganyar Regency in 2022 experienced a significant increase in the economic growth rate reaching 5.87 percent higher when compared to the previous year. In 2023, the textile industry contributed 21.74 percent, followed by the food industry which contributed 20.69 percent of the total revenue of the industrial sector. Along with the growth of the industrial sector, the role of BUMDes has also become very important in driving local economic development. Based on data from the Karanganyar Regency Dispermades, there are 160 BUMDes from 177 villages in Karanganyar Regency(Community and Village Empowerment Service, Karanganyar Regency, 2024),(BPS Kranganyar Regency, 2022). Most of these BUMDes are newly formed BUMDes after the Village Law was enacted. Based on data from the Central Java Province Village Information System, there are 9 BUMDes in Ngargoyoso District, Karanganyar Regency, which are spread across 9 villages throughout the district.(SIDesa Central Java, 2024). One of the BUMDes with the highest income is BUMDes Berjo, which generates around Rp. 5,000,000,000 per year(Ludiyanto et al., 2022). Berjo Village gains revenue from the management of leading tourist attractions such as Tlaga Madirda and Jumog Waterfall.

The results of the audit conducted by the Central Java Province BPK on September 15, 2022, found indications of misuse of funds at BUMDes Berjo in the 2020 budget year amounting to IDR 1,160,000,000.(CENTRAL JAVA BPK, 2023). In addition, the Central Java Provincial Audit Board on July 19, 2023 also stated that the profit sharing of Rp. 104,000,000 had not been submitted to the Karanganyar Regency Government which should have been a source of Regional Original Income(CENTRAL JAVA BPK, 2022). The many findings, cases and public complaints regarding BUMDes in Berjo, Ngargoyoso District, highlight the importance of implementing the principle of good governance in managing BUMDes.

The importance of implementing corporate governance principles in managing BUMDes is becoming increasingly apparent, meaning that there is a framework that includes rules, policies, and practices that regulate how the organization is run and supervised. Good implementation of Corporate Governance is expected to increase accountability and transparency.(Rois, 2018). The processes and structures used to direct and manage a business to enhance prosperity and accountability are closely

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related to good corporate governance.(Rois, 2018). In its implementation, the application of the principle of good governance is crucial to ensure transparency, accountability, and optimal community participation. Good governance of BUMDes has a great impact on BUMDes Performance, the better the BUMDes Governance, the better the BUMDes Performance(Kurnianto & Iswanu, 2021). Human Resources are both a driving and inhibiting factor in the BUMDes management process.(Hasan & Yaya, 2019). The community's enthusiasm for building villages through BUMDes must be accompanied by good knowledge and skills in managing BUMDes so that BUMDes remains alive and can be used as a tool to increase village original income.(Rahmawati, 2020). The existing research so far discusses good governance of BUMDes only in 1 village and the business activities carried out. In addition, it has not been explained the management of tourist objects by the village through BUMDes which is also an important part of the business managed by BUMDes to increase Village Original Income, which can ultimately improve the quality of life of the village community.(Dharma et al., 2022).

The principles of Good Corporate Governance can be implemented in all corporations. Such as in companies, banks, and governments, both central and village. The form of individual accountability for their work in a corporation is called accountability (Sudarmanto et al., 2021). Accountability is one of the principles of good governance. Wardani & Fauzi (2019) and Sonu et al., (2019) explain that the principles of good governance, namely transparency, accountability, responsiveness, need to be applied stably and professionally in managing village funds. Good governance can minimize bad debts or financing risks in banks (Siswanti (2016).

Saputra, (2015) and Sri Ayuni & Budiasni (2019) conducted research on Village Credit Institutions (LPD), Hariyati et al., (2020) studied cooperatives and said that the principle of Good Corporate Governance can control the problem of bad credit. Sara (2022) added that by applying the principle of local culture "Pang Pada Payu," and internal control and credit policies (Sri Ayuni & Budiasni, 2019) can support the implementation of good governance in overcoming problem credit. A different thing was conveyed by Hariyati & BZ (2020) that governance does not have an impact on the distribution of credit effectively in order to avoid problem credit. The connotation is that the problem of bad credit in BUMDes Ngargoyoso, Karanganyar does not limit or close the distribution of funds to the community. In managing credit distribution, the principles of Good Corporate Governance must be considered.

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Based on the problems faced by BUMDes of Ridan Permai village, it encourages research to be conducted. This research is important to be conducted because it is believed that the principles of Good Corporate Governance can overcome company problems such as bad debts and are believed to be a tool for improvement in order to obtain business sustainability by considering stakeholders and making it easier to achieve goals. The selection of BUMDes of Ngargoyoso Village, Karanganyar is different from previous research. The problem of bad debts and the limited number and quality of human resources are the reinforcements for conducting research in this BUMDes. In addition, the difference between this study and previous studies is not only in the aspect of financial management that is analyzed but in aspects that are also related to good corporate governance as a whole, samples with BUMDes in 1 (one) sub-district that has tourist attractions.

Objective

This study aims to: analyse the increase in performance effectiveness as an effort to sustain Village-Owned Enterprises in the Ngargoyoso Region, Karanganyar Regency.

THEORY

Stewardship Theory

*Stewardship*is a theory that contributes to the organization rather than prioritizing its goals. In stewardship theory, the behavior of managers is for the common good. If the interests of the steward and the owner differ, the steward tries to comply. This is because the steward feels that the common interest and behaving in accordance with the owner's behavior is a logical consideration so that goals are achieved. Stewardship theory explains that individuals cannot influence management because management prioritizes the interests of the organization (Sudaryo et al., 2017).

Good Corporate Governance

In 1992, the Cadbury Committee in the Cadbury Report first introduced Good Corporate Governance. Several events such as in 1997 there was a financial crisis so that many large companies went bankrupt such as Enron and Worldcom in 2002. This event has encouraged the world to implement Good Corporate Governance.

According to the Regulation of the Minister of State-Owned Enterprises (BUMN) No: PER-01/MBU/2011 Concerning the Implementation of Good Corporate Governance,

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it explains that Good Corporate Governance is the basic principles in a process and mechanism of company management based on regulations, laws and business ethics. Good Corporate Governance has the following principles:

a. The openness of relevant information relevant to corporations to assist decision making is called transparency.
b. Responsibility regarding the clarity of function and implementation of management to the organization/corporation is called accountability.
c. Compliance with laws and regulations and healthy corporate principles in managing a company is known as responsibility.
d. There is no influence or intervention from other parties in managing the company or corporation professionally based on legislation and corporate principles, this is called independence.
e. Justice and equality in providing stakeholder rights in accordance with agreements and applicable laws and regulations is termed fairness.

RESULTS AND DISCUSSION

Based on research on increasing the effectiveness of performance as an effort to ensure the sustainability of Village-Owned Enterprises in the Ngargoyoso area, Karanganyar Regency, it is known that BUMDes has implemented the principles of transparency, accountability, responsibility, independence, fairness and equality in accordance with the indicators set by the National Committee on Governance Policy (KNKG). This is reviewed from the effectiveness, accountability, role of the Community, and performance of existing public organizations. The informants of this study were the Director, Treasurer of BUMDes, Village Head, Village Secretary, and Customers. The credibility of the source was tested using triangulation techniques for these 5 informants. The results through interviews are as follows:

Effectiveness

The results of interviews on the effectiveness of BUMDes in achieving goals show that most BUMDes have not achieved the goals of establishing BUMDes. BUMDes have not been able to provide original village income according to the set targets due to lack of capital, business competition and public awareness of the existence of BUMDes. BUMDes Berjo has been able to provide original village income but still needs to improve the management of the new BUMDes management. In addition, BUMDes Jatirejo still has

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the goal of overcoming the anxiety of guava farmers' losses during the harvest. BUMDes Jatirejo wants business units to process guava into a product that can last a long time so that it can prevent losses due to falling guava prices during the harvest. All BUMDes always hold discussions, listen to community aspirations, meet community needs and ensure that the businesses run do not compete with community businesses but collaborate with each other.

The effectiveness of BUMDes in managing resources has been partly managed well, but there are also BUMDes that have not optimized the management of resources such as village assets that have not been utilized, this is due to the lack of human resources and business capital. All BUMDes stated that they were efficient in using human resources to manage BUMDes and their business units. If there is a shortage of labor resources, BUMDes Berjo uses casual workers on Saturdays and Sundays when many visitors come to tourist locations. However, this is different from other BUMDes where there is still a lack of public interest in becoming BUMDes workers. To overcome the lack of resources related to funding, BUMDes always coordinates with the village government, submits proposals for additional funds and collaborates with third parties.

Most BUMDes have conducted routine internal evaluations with the village government at the end of each month. This evaluation is important to assess BUMDes performance periodically and provide opportunities for operational improvement. However, even though the evaluation mechanism has been running at the internal level, community participation in conveying aspirations is still not well structured. Aspirations and input from the community are still conveyed verbally and informally to BUMDes administrators, without a clear system to accommodate and follow up on the input.

Most of the community has felt the benefits of the program run by BUMDes. The Berjo village community has received assistance distributed to each hamlet to carry out independence day activities. The Puntukrejo and Kemuning communities also feel that BUMDes has increased the village's original income which can be allocated for community welfare. However, there are people from Jatirejo and Ngargoyoso villages who stated that the BUMDes program has not been felt. To improve the village economy, BUMDes Berjo provides 60% of net profit for PAD which will be used by the village government to improve community welfare. The Berjo community can also earn additional income of up to two hundred thousand per day as motorcycle taxi drivers. In addition to BUMDes Berjo, BUMDes Puntukrejo also provides 30% of net profit for PAD Puntukrejo. BUMDes Segorogunung and Kemuning provide kiosks for the community to use in selling

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goods and food at tourist attractions so that it can reduce unemployment. All BUMDes provide benefits to the community fairly and evenly without discriminating against certain groups.

All BUMDes strive to continue to innovate and follow the development of the times according to the needs of the community. However, BUMDes Ngargoyos is still not confident in its ability to compete with other competitors in developing new programs.

Accountability

The results of interviews on BUMDes financial accountability show that all BUMDes submit financial reports transparently during village deliberations attended by the village government, village deliberative body, community leaders, and village communities. BUMDes financial reports are not yet easily accessible to the public at any time. However, if the public wants to know the BUMDes financial report, they can ask the village government, this is applied to BUMDes Segorogunung. In addition to being submitted during village deliberations, BUMDes Berjo with the new BUMDes management also submits financial reports openly to the public by posting financial reports on the village information board. Financial reports are submitted every semester but every month they still submit financial reports to the village government. BUMDes is also audited but is still carried out by the district government and is carried out randomly.

Most BUMDes have not determined performance indicators in measuring the success of the program as a form of accountability for BUMDes performance. There are BUMDes that have determined performance indicators but are not specific, such as in BUMDes Berjo, which has only determined performance indicators limited to increasing the number of tourist visitors and the receipt of financial reports by the community. BUMDes Segorogunung also only determines performance indicators on the acquisition of original village income with a target of 30%. The BUMDes achievement targets are conveyed to the community during village meetings. The village community has felt the hopes they want. As expressed by the Berjo village community, with the presence of this new leader, the community has felt good changes in the management of BUMDes.

Most BUMDes do not yet have a mechanism for the community to provide feedback and evaluation of programs implemented by BUMDes. The community provides feedback by contacting BUMDes verbally. Routine evaluation of BUMDes programs is carried out by BUMDes administrators, the village government and supervisors who have not been scheduled for certain. However, the evaluation is carried out at least during the

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Village Deliberation attended by the community. BUMDes also ensures that every program it runs has a positive impact on the community by running programs that can support and not compete with MSMEs, involving the community in running programs such as those carried out by BUMDes Berjo and Segoro Gunung. BUMDes Berjo involves the community to become employees at tourist attractions and facilitates MSMEs from the Berjo village community to run their businesses at tourist attractions. In addition, BUMDes Berjo also provides opportunities for the community to open Ojek Services to tourist attractions. BUMDes Segoro Gunung also involves the community and youth organizations to manage tourist tickets and parking facilities. BUMDes Kemuning and Ngargoyoso always explore existing potential and collaborate with the community.

The accountability of the BUMDes decision-making process has been carried out well, openly and involving the community. BUMDes decision-making is carried out during village deliberations in a transparent manner and involving the community. The community is also always involved in the BUMDes supervision process.

Role of Society

The results of interviews on the role of the community in managing BUMDes show that most of the community contributes optimally in supporting the success of BUMDes. The community has not been involved in financial form to develop BUMDes. However, the community is very enthusiastic in providing ideas and energy in programs run by BUMDes. The community also contributes to programs run by BUMDes such as the involvement of MSMEs in tourist attractions, vehicle parking services, motorcycle taxi services to tourist attractions.

The process of organizing the community in managing BUMDes in decision-making is represented by the village government, BUMDes supervisors, village deliberative bodies, RT/RW heads and youth organizations. The community plays a role in providing input and ideas for the development of BUMDes. Like the Berjo and Segoro Gunung village communities who see tourism potential by adding jeep and motorcycle taxi tourism facilities that can be used by the community. However, there are Ngargoyoso village communities who do not yet have a role in designing BUMDes programs, this is due to the lack of community attention to the development of BUMDEs.

The community participates in the implementation of the program, provides ideas and uses BUMDes products. As done by the Segoro Gunung community in utilizing BUMDes assets in the form of agricultural land in the form of avocado, coffee and tea

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gardens to be managed by the community and shared with BUMDes. Most of the community has collectively helped achieve BUMDes goals. Enthusiastic in events organized by BUMDes, helping to promote tourist attractions, helping to build places of worship in tourist attractions and using BUMDes products. The community also helps when there is an urgent need to support the sustainability of BUMDes. As done by the Berjo village community when on Saturdays and Sundays there are lots of visitors, the community will help as casual workers. This shows that community involvement in the implementation of the BUMDes program is mostly good. However, the BUMDes management and the Ngargoyoso community stated that the enthusiasm of the Ngargoyoso community in paying attention to and developing BUMDes is still very lacking.

The motivation of the community to be involved in the BUMDes program is for the sustainability of BUMDes, mutual progress and improving community welfare. Most of the community already has a sufficient understanding of the importance of community participation in BUMDes management. However, most of the Puntuk Rejo and Ngargoyoso village communities do not yet understand the importance of community participation. All BUMDes feel that community involvement in BUMDes management is driven by awareness and benefits in the future.

Most BUMDes feel that the village community has a responsibility in the success and sustainability of BUMDes. However, BUMDes Ngargoyoso still feels a lack of community responsibility in the sustainability of BUMDes. The community is responsible for dealing with problems and challenges faced by BUMDes by helping to find solutions to problems, providing ideas and input in dealing with problems and challenges of BUMDes. In addition to helping to find solutions and providing ideas, the community is also involved in maintaining and preserving facilities managed by BUMDes. The community is very enthusiastic in maintaining facilities, cleanliness of tourism and reminding if there are facilities that need to be repaired.

Public Organization Performance

The results of interviews on the performance of BUMDes organizations show that BUMDes productivity is good. Optimization of available resources to generate profits is done by improving human resource capabilities by holding training, improving marketing spirit and conducting comparative studies. BUMDes' contribution to village original income is very good. BUMDes Berjo contributes 60% of profit to village original income

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with an average monthly turnover reaching eight hundred million to one billion. BUMDes Segoro Gunung, Puntuk Rejo, Kemuning also contribute to village original income according to the set target. BUMDes Jatirejo and Ngargoyoso have been able to contribute to village original income but are still not optimal due to lack of human resources. Community satisfaction with BUMDes services for the most part does not have a special mechanism to measure community satisfaction. The community can provide suggestions for the progress of BUMDes during village deliberations. BUMDes Berjo measures community or visitor satisfaction with the interest of visitors to return to visit BUMDes Berjo tourist attractions repeatedly. BUMDes Bero and Segoro Gunung also provide funds for community activities such as during the Indonesian Independence Day event. BUMDes always evaluates and innovates to improve the quality of products and services produced.

Most BUMDes are open and respond to input or complaints from the community. The mechanism implemented to hear input and complaints from the community has not been implemented systematically. Most BUMDes listen to community input during village meetings. BUMDes Berjo and Puntuk Rejo also listen to input from tourists by interviewing visitors and immediately following up on the suggestions. One of the suggestions submitted by visitors and followed up by BUMDes is worship facilities at tourist attractions. All BUMDes are able to adapt to developments in the era and the needs of the community.

BUMDes manages funds and resources from the village with full responsibility. The form of BUMDes accountability is presented in the BUMDes financial and annual reports. The mechanism for submitting funds to the village is done by submitting a proposal, recording and making an accountability report. All village heads said that BUMDes manages village funds and assets well and with full responsibility. The village head and community of Berjo also said that with the change in management, BUMDes Berjo has managed funds transparently and with full responsibility. All BUMDes have policies regarding social responsibility to the village community. As stated in the Segoro Gunung village regulations, BUMDes must carry out social responsibility to the community. BUMDes Puntuk Rejo also provides 5% of the remaining business results to be allocated to social funds. In addition to providing funds, BUMDes also always ensures that every decision taken considers the interests and welfare of the community and is discussed together with BUMDes management, village government, village deliberative body, and village community leaders.

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The performance of the BUMDes public organization in terms of accountability for fund management by providing semester and annual financial reports. However, the financial reports are not in accordance with accounting standards. The financial reports made are still limited to cash in and out reports only. This is because of all the BUMDes that have treasurers who are accounting graduates, only BUMDes Segoro Gunung. All BUMDes have not implemented an accounting system to facilitate financial recording until financial reports are produced in accordance with accounting standards. The Kranganyar district government has provided an application but is still lacking in training and assistance in implementing the application. The treasurer still has great difficulty operating the application so that BUMDes has not implemented the application.

DISCUSSION

Based on the interview results, it can be concluded that the effectiveness of BUMDes in achieving its goals has not been optimal overall. Most BUMDes have not succeeded in providing village original income according to target, which is caused by several factors such as limited capital, tight business competition, and low public awareness of the role of BUMDes. For example, BUMDes Berjo has been able to contribute to village income, but still needs improvement in the management of the new management. On the other hand, BUMDes Jatirejo has the potential to increase farmers' income through the development of a guava processing business unit, which is expected to prevent losses due to falling prices during harvest.

In addition, all BUMDes consistently involve the community in decision-making through deliberation, listening to aspirations, and ensuring that the business being run collaborates with local community businesses, without creating detrimental competition. This shows that the role of the community in the sustainability of BUMDes is very important, although it still needs strengthening in terms of management and business strategy to achieve better effectiveness.

The effectiveness of BUMDes in managing resources has mostly been running well, although there are some that have not been fully optimized in managing village assets, such as many assets that have not been utilized optimally. This is due to limited human resources and business capital. All BUMDes claim to be efficient in using human resources to manage BUMDes and its business units. BUMDes Berjo, for example, adds workers by hiring casual workers on Saturdays and Sundays when there are many visitors to tourist locations. However, this situation is different from other BUMDes which are still

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facing low public interest in working in BUMDes. To overcome the lack of funds, BUMDes consistently coordinates with the village government, submits proposals for additional funds, and collaborates with third parties.

Most BUMDes have routinely conducted internal evaluations with the village government at the end of each month. This evaluation is important to assess BUMDes performance periodically and provide opportunities for operational improvement. However, even though internal evaluations have been running, the mechanism for community participation in conveying aspirations has not been well structured. The community still provides input verbally and informally to BUMDes administrators, without a formal system to accommodate and follow up on these aspirations.

The majority of the community has felt the benefits of the programs run by BUMDes. The Berjo Village community, for example, received assistance distributed to each hamlet for the Independence Day celebration activities. The Puntukrejo and Kemuning residents also acknowledged that BUMDes had increased the Village Original Income (PAD), which could be used for community welfare. However, some people in Jatirejo and Ngargoyoso Villages stated that they had not felt the positive impact of the BUMDes program. To boost the village economy, BUMDes Berjo donated 60% of its net profit to PAD, which was then used by the village government for community welfare. Berjo residents also earned additional income of up to two hundred thousand rupiah per day by becoming motorcycle taxi drivers. In addition to BUMDes Berjo, BUMDes Puntukrejo donated 30% of its net profit to the village PAD. BUMDes Segorogunung and Kemuning provide kiosks for the community to sell goods and food at tourist locations, thereby helping to reduce unemployment. Overall, BUMDes provides benefits to the community evenly and fairly without discriminating against certain groups.

CONCLUSION

The increasing effectiveness of BUMDes in achieving its goals has not been optimal overall. Most BUMDes have not succeeded in providing the village's original income according to target, which is caused by several factors such as limited capital, tight business competition, and low public awareness of the role of BUMDes. The effectiveness of BUMDes in managing resources has mostly been running well, although there are some that have not been fully optimal in managing village assets, such as many assets that have not been utilized optimally. Most BUMDes have routinely conducted internal evaluations with the village government at the end of each month. This evaluation

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is important to assess BUMDes performance periodically and provide opportunities for operational improvement. The majority of the community has felt the benefits of the programs run by BUMDes. The Berjo Village community, for example, received assistance distributed to each hamlet for Independence Day celebration activities.

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