International Journal of Education, Vocational and Social Science
https://e-journal.citakonsulindo.or.id/index.php/IJEVSS
E-ISSN : 2963 4954
IJEVSS

Analysis of BUMDes Governance in Rural Economic Transformation in Paguyaman District, Boalemo Regency

Sintiya Hintalo[1]
[1]Gorontalo State University, Indonesia
Asna Aneta[2]
[2]Gorontalo State University, Indonesia
Rustam Tohopi[3]
3Gorontalo State University, Indonesia

Corresponding Author: *sintiyahintalo@gmail.com*

Abstract

This study aims to analyze in depth the governance of BUMDes in the transformation of the village economy in Paguyaman District, Boalemo Regency, by focusing on the five main pillars of governance, namely professional, open and responsible, participatory, local resource priority, and sustainability. This study uses a descriptive research method with a qualitative approach through observation, interview, and documentation techniques, the results of the study show the dynamics of implementation that vary in each aspect. The results of this study show that the principle of professionalism has not been applied optimally because the selection, training, and mentoring process is still inconsistent. On the contrary, the principles of openness and responsibility have been implemented quite well through the Village Deliberation mechanism supported by a structural supervision system from the community, BPD, and local governments. The level of community participation is considered very high and comprehensive, including active involvement from planning to external supervision. However, there are significant weaknesses in the principle of prioritizing local resources due to the low utilization of local raw materials and the lack of business development based on unique village potential. The principle of sustainability has been running quite well through the integration of financial dimensions, environmental impact, and social impact in the operations of BUMDes. Overall, although BUMDes in Paguyaman District have strengths in terms of transparency and public participation, their effectiveness in transforming the village economy is still hampered by low professionalism and lack of optimization of local assets. Therefore, an improvement strategy is needed through consistent manager training, targeted

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

recruitment, the use of information technology for financial management, and the acceleration of the development of business units that are truly rooted in the local potential of the village.

Keywords: Governance, BUMDes, Economic Transformation

INTRODUCTION

The rural economic landscape in Indonesia is currently in a very crucial transition phase, where there is a fundamental shift from traditional subsistence economic patterns to a more dynamic, competitive, and globally integrated economic model (Ananta et al., 2024). This transformation did not happen by chance, but was triggered by a series of strategic government policies that paid great attention to strengthening village institutions and allocating village funds as the main driving force for development from the periphery. This consistent effort is part of the government's grand vision to erode the development gap between urban and rural areas, in order to realize inclusive economic equity throughout the country through state budget support (APBN) which is distributed in stages up to the level of the Village Revenue and Expenditure Budget (APBDes) (Lola et al., 2025).

Economic growth at the grassroots level is believed to be a key element that can sustain national stability and create a more equitable development structure for all levels of society (Hintalo et al., 2024). The implementation of regional autonomy that has been rolling since the reform era has provided a wider sovereign space for each region, including village governments, to explore, regulate, and manage their local potential independently without losing synchronization with the government structure above it. In this context, villages are no longer just objects of development, but active subjects that play an integral role in the chain of bureaucracy and the national economy, under the coordination of the sub-district and district governments that aim to improve the standard of living of residents through targeted policies.

The legitimacy of village autonomy was further strengthened by the birth of Law Number 6 of 2014, which defines a village as a unit of legal society that has territorial jurisdiction and rights of origin recognized by the state. Through this regulation, villages are given a full mandate to carry out governance, carry out development, and empower communities based on local initiatives and noble traditional values. As a vital pillar of national development, considering that the majority of the population lives in rural areas, village governments are now required to have high competence in managing natural resources and human resources in order to be able to become a strong economic growth engine at the local level (Kushartono, 2016).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

To realize the vision of village-oriented regional economic development, concrete steps are needed that go beyond just plans on paper through innovative entrepreneurial actions (Dian Wijaya, 2025). One of the most effective instruments to consolidate the economic strength of villages is through the establishment of Village-Owned Enterprises (BUMDes) which are built on the basis of close collaboration between village officials and civil society (Azhari et al., 2023). BUMDes function as an ideal platform that not only aims to seek financial benefits, but also as a means of stimulation for the growth of other small business units, so as to create an economic ecosystem that strengthens each other in rural environments.

The juridical basis regarding BUMDes continues to be refined, starting from the Regulation of the Minister of Home Affairs Number 39 of 2010 to Government Regulation Number 11 of 2021 which stipulates BUMDes as a legal entity. This change in status provides flexibility for villages or village combinations to manage assets, increase productivity, and run various types of commercial services with the ultimate goal of the collective welfare of the community. The existence of BUMDes is now legally on par with other business entities, allowing them to make strategic investments and establish wider partnerships to strengthen the capital structure and operational capacity of the village in a sustainable manner.

The existence of BUMDes sociologically and economically plays an important role as a mobilizer of village potential which may not have been worked on optimally or only enjoyed by outsiders. This strategic step in establishing business entities is the main foundation in building village economic independence, which in turn will increase Village Original Income (PADes) in order to finance independent development without constantly relying on fund transfers from the central government (Supardi & Budiwitjaksono, 2021). Therefore, a systematic and sustainable management strategy is needed so that BUMDes can grow into credible economic institutions and be able to face market dynamics that continue to change very quickly.

The challenges faced by BUMDes today are not light, especially with the rapid intervention of large capital from domestic and foreign private parties that have begun to penetrate the rural market very aggressively. The capital and technology gap between large companies and BUMDes, which generally have financial limitations, often creates an imbalance of competition that risks killing local businesses (Adawiyah, 2018). This harsh reality requires BUMDes managers to have high creativity and strategic management skills in optimizing each asset they own, so that they can still survive and compete in the midst of a massive outside capital power siege (Syam et al., 2021).

In response to these challenges, the government issued the Regulation of the Minister of

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Villages, PDDTT Number 3 of 2021 which regulates the development, development, and ranking of BUMDes as an effort to maintain the sustainability of this institution in strengthening the village economy. This regulation emphasizes the importance of institutional revitalization, organizational strengthening, and improving the quality of accountability report management so that the benefits of BUMDes are truly felt by the wider community. The main focus of this coaching effort is internal restructuring, starting from improving work procedures to adjusting work programs to remain relevant to market needs without abandoning the social mission of village development.

The classic problems that often arise in previous studies on BUMDes are the low capacity of human resources and weak organizational strengthening at the management level. Limited expertise in the field of managerial, modern financial management, and marketing strategies often makes BUMDes operate stagnantly without a clear direction of development (Idah Wahidah, Devi Eryanti, 2025). This problem is exacerbated by overlapping roles or even the absence of responsibilities in the organizational structure, which triggers ineffective internal communication and public transparency, making organizational performance unaccountable and difficult to achieve the expected long-term goals.

Responding to the complexity of these obstacles, the development and development of BUMDes management must be carried out effectively with an orientation to professionalism and the achievement of profits that are balanced with social benefits. Professional management is no longer an option, but a necessity to ensure that each business unit is able to operate efficiently and independently. The right development strategy must be able to convert limitations into opportunities through optimal use of local resources, so that village economic independence can be achieved essentially through neat organizational management and high competitiveness (Ama Zunaidah, Eka Askafi, 2020).

In Boalemo Regency, especially in Paguyaman District, the spirit of the formation of BUMDes has been massively intensified in recent years, covering all villages in the region. Based on data from the Boalemo Regency Social Service and PMD, there is quite significant growth where Paguyaman District makes a big contribution with 22 active BUMDes. The business units managed are also quite diverse, ranging from the savings and loan service sector to market management and the provision of agricultural production facilities, which are expected to be able to be the driving force of economic movements in every village in the sub-district.

Although the quantity of growth of BUMDes looks promising, its contribution to reducing poverty in Boalemo Regency still faces great challenges, considering that the poverty rate is still at 17.8% in 2024. This stagnation of economic growth indicates that the existence of BUMDes has

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

not been fully optimal in intervening in people's welfare problems because governance is still running as it is. In fact, Paguyaman District has extraordinary potential in the agriculture, fisheries, and tourism sectors which, if managed professionally through BUMDes forums, can be a concrete solution for poverty alleviation and the creation of new jobs.

Initial identification in the field shows that the development and development of BUMDes in Paguyaman District is still hampered by the problem of low management commitment and a work system that has not been standardized. The phenomenon of too frequent manager changes due to wage uncertainty or lack of entrepreneurial spirit causes business sustainability to often be disrupted. In addition, the reliance on manual management systems in financial reporting and administration results in the supervision process being slow and non-transparent, so that the public as stakeholders often do not get accurate information about the financial health condition of their BUMDes.

The inconsistency between field practices and regulatory mandates is also seen in the low utilization of local resources in BUMDes business units, where business operations are more focused on the foreign goods trading service sector rather than processing the potential of village raw materials. This is very unfortunate considering that the basic principle of BUMDes is to create added value from local natural resources so that economic benefits continue to revolve within the village. Although partnerships with farmer and youth groups have begun to be established, the expected economic transformation has not been achieved as long as BUMDes are not able to integrate local potential into production chains that have high economic value.

Therefore, this research is very urgent to be carried out by evaluating the governance of BUMDes in Paguyaman District based on five strategic pillars: professionalism, openness, participation, prioritization of local potential, and sustainability. This study differentiates itself from previous research by aligning the guidance strategy contextually in accordance with the unique characteristics of the Boalemo Regency area and the latest regulations in 2021. With an in-depth analysis, it is hoped that the results of this research can give birth to a comprehensive governance model that not only improves the internal performance of BUMDes in Paguyaman, but also becomes a reference for other regions in transforming the rural economy in a sustainable manner.

RESEARCH METHODS

This research applies a qualitative method with an exploratory descriptive approach to obtain an in-depth and contextual understanding of phenomena (Yacob Noho Nani, Rustam

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Tohopi, Alexander H Badjuka, 2025). Primary data were collected through observation of participants in the subject's natural environment as well as semi-structured interviews to explore the informant's perspective broadly. To guarantee a holistic and triangulated picture, secondary data is collected through a study of relevant archival documentation. The data analysis process is carried out inducively and continuously through data reduction procedures, visual narrative presentation of data, to the stage of withdrawal and conclusion verification to test the validity of the findings.

DISCUSSION

This study explores in depth the governance of BUMDes as the main engine of rural economic transformation in Paguyaman District, Boalemo Regency. By taking case studies in four villages that represent the diversity of characteristics of BUMDes in the region, the analysis was carried out through five strategic parameters of governance according to (Muliani, 2023), namely aspects of professionalism, openness and responsibility, participation, prioritization of local resources, and sustainability.

1. Professionalism

   The main focus in the professionalism dimension is placed on the ability of bureaucracy and managerial to move business units effectively and efficiently, where the competence of managers is a fundamental indicator that determines whether BUMDes can carry out their economic and social functions optimally in accordance with the established accountability standards (Rahmani, 2023). In the context of the operationalization of BUMDes in Paguyaman District, professionalism is not only reflected in the recruitment mechanism, but also strengthened through regularly scheduled training and mentoring programs for managers. Based on field data collected from Village Heads and management, this capacity building initiative is the result of cross-sectoral synergy involving the village government and technical support from the Community and Village Empowerment Office (PMD) at both the Boalemo Regency and Gorontalo Province levels. The training curriculum is designed to answer the challenges of modern governance, which includes strengthening financial management literacy, formulating business unit expansion strategies, and standardizing annual reporting procedures to ensure that all business activities can be accounted for legally and administratively.

   The implementation of this coaching program is expected to be able to accelerate positive transformation in the internal management of BUMDes, so that strict performance

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

evaluation and assessment instruments are needed for each manager at the village level. The manager's performance assessment is carried out through a structured procedure, starting from the obligation to submit routine work reports from each business unit coordinator which is then consolidated into monthly and semi-monthly performance reports. The peak of this accountability cycle is realized through the Village Deliberation mechanism (Musdes) as a form of open report to the public, where all performance achievements and total revenue acquisition for one fiscal year are presented in detail as a form of public transparency.

This performance evaluation is seen as a vital procedure that compares the realization of operational activities in the field with pre-planned achievement targets to ensure the effectiveness of BUMDes governance (Podungge & Aneta, 2020). In this case, the Village Government led by the Village Head holds the central authority in carrying out the continuous supervision function to ensure that management runs on the right track and is able to achieve its maximum potential (Akbar et al., 2022). Through consistent monitoring, every operational obstacle can be immediately identified for targeted corrections, so that the principle of accountability is maintained and BUMDes can continue to make a real contribution to improving the welfare and strengthening of the collective economy of village communities (Pradini, 2020).

Theoretically, a BUMDes manager in Paguyaman District can only be categorized as a professional if he is able to integrate three main requirements in carrying out his duties. First, managers are required to master managerial skills that are specific and relevant to the field of business being run; second, they must have high discipline in implementing standard operating procedures that have been set by the organization; and finally, they are obliged to uphold the ethics of professionalism and comply with applicable legal regulations (Azhari et al., 2023). The synergy between technical expertise and compliance with the code of ethics is the main foundation in creating a credible and highly competitive BUMDes governance system in a dynamic rural economic market (Sofyani et al., 2020).

The findings of the research holistically show that economic transformation in Paguyaman District is highly dependent on the emphasis on professionalism aspects that begin from the early stages of management selection. The recruitment process for the Chairman of BUMDes is carried out through a democratic approach in the Village Consultative Forum involving the Village Consultative Body (BPD) and citizen representation, both through a recommendation system and direct voting. The qualification standards applied are also quite strict, where prospective managers are required to meet minimum educational standards at

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

the high school level and have business managerial competencies that are in line with laws and regulations, to ensure that the elected leaders are able to lead village economic institutions with a clear vision.

The operational effectiveness of BUMDes in this region is strongly supported by a layered coaching system that unites the role of the Village Government and the provincial government in providing technical guidance on financial management and annual accountability. Success in maintaining transparency through multi-level performance evaluations, ranging from internal reports of business units to open reporting to the public, is the main capital in building public trust (Rosari et al., 2022). The integration between a competitive recruitment system, continuous mentoring, and strict supervision creates a professional governance ecosystem that is the main foundation for BUMDes in Paguyaman District to have a significant and sustainable impact on local economic growth.

2. Open and Responsible

The principle of openness and responsibility is basically a fundamental obligation for managers as mandated agents to carry out their responsibilities openly and accountable to the trustee (Rahayuningsih et al., 2024). This obligation covers the entire operational spectrum, from precise recording, honest reporting, to the disclosure of all activities and actions under their authority to the trustees or owners, in this case the community and the village government (Sulila, 2022). This relationship is reciprocal, where the manager is obliged to provide a comprehensive explanation, while the owner has the constitutional right and full authority to demand accountability for any policies and resource management that has been carried out during a certain period.

In the operational framework of Village-Owned Enterprises (BUMDes), the implementation of accountability must penetrate into every line of activity, especially in the preparation of financial reports and activity progress reports that must be presented periodically, both on a monthly, semi-annual, and annual scale (Teuku Al Ichsan et al., 2023). The implementation of these high accountability standards is not just an administrative formality, but a crucial instrument to build and maintain the public trust base and other relevant stakeholders. On the other hand, if this principle of accountability is ignored or weakly implemented, the credibility and integrity of BUMDes management will soon collapse in the eyes of the community, which can ultimately hinder collective support for the economic transformation that is being pursued at the rural level (Rahmani, 2023).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Theoretically, the preparation of ideal financial statements in the governance of BUMDes requires systematic assistance that includes four main report components, namely income statements, equity change reports, financial position or balance sheet statements, and cash flow statements (Nurhidayati et al., 2023). The success in compiling this financial instrument is a tangible manifestation of sound financial accountability practices, where a detailed budget plan must be aligned with the realization that is transparently reported to the public (Widiatmika, 2015). In addition to the financial side, administrative accountability must also be strengthened through the preparation of annual activity reports submitted to the Village Government as tangible evidence that the use of village funds has been managed appropriately, cooperatively, inclusively, and sustainably for the welfare of residents (Febryani et al., 2019).

This principle of openness cannot stand alone without a definitive control and supervision system to ensure that the entire process runs in accordance with the applicable regulatory corridor. In Paguyaman District, the supervision and control function of BUMDes governance is structurally carried out by the Village Consultative Body (BPD) which works closely with the Village Head in accordance with the existing regulatory mandate. This supervision is carried out actively and directly, including providing strategic advice, constructive input for business development, and strict control over financial management, including having the legal authority to revitalize or replace managers who are considered inactive or fail to advance village business units (Cahyadi & Basyari, 2023).

The creation of a strong climate of transparency and accountability also depends on the support of internal and external factors in the form of structured management coaching and effective supervision mechanisms (Bambang Haryadi, 2023). The synergy between internal supervision from BPD and the Village Government with external supervision from the Community and Village Empowerment Office (PMD) at the district level is the key to maintaining the quality of BUMDes governance (Ubi Laru & Suprojo, 2019). All information related to the management of activities must be opened as widely as possible so that it can be easily accessed by the public. This aims to ensure that every citizen has the space and opportunity to convey constructive criticism and exercise social control, so that the implementation of the BUMDes program remains intact.

Especially in Paguyaman District, the operational transparency aspect of BUMDes is realized through the delivery of periodic information facilitated by the joint manager of the village government in strategic forums such as the Village Deliberation. The forum is a sacred

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

space for financial transparency, where annual income reports are presented publicly to allow people to monitor the development of their assets directly. The public demands in this forum automatically encourage managers to work more professionally and accountably in preparing reports, although currently the bookkeeping system is still mostly done manually. The results of this Village Deliberation not only determined the total income, but also agreed on the allocation of funds for operations and contributions to the Village Original Revenue (PAD) which were returned for the socio-economic interests of the residents.

In the end, the accountability aspect is strengthened with a layered monitoring system that acts as a tool for guidance and business development in a sustainable manner. BUMDes in Paguyaman District bear hierarchical responsibilities, where in addition to being responsible to the community through village meetings, they are also obliged to report their operational performance to the Boalemo Regency PMD Office. This control system includes a comprehensive performance assessment, the provision of strategic direction, and the authority to restructure management if necessary to save village assets. Although structurally the implementation of this accountability has been considered optimal, there is still considerable room for improvement, such as increasing the frequency of reporting and transitioning from manual systems to computerized digital systems to ensure data accuracy and speed of response in village economic policy-making.

3. Participatory

The concept of participation in the Village-Owned Enterprises (BUMDes) ecosystem basically requires the willingness and willingness of all stakeholders to be actively involved, both through personal initiatives and collective contributions that are responsive to the needs of the institution (Dwi et al., 2024). This involvement plays a crucial role as a catalyst for the progress and success of village business operations, where the participatory principle requires the community to be fully present in every stage of the village financial and policy cycle (Tohopi et al., 2024). This includes involvement in the formulation of strategic work plans, the implementation of programs in the field, to the process of reviewing and evaluating the annual financial statements. Without strong public involvement, the management of BUMDes is often trapped in the passive attitude of the community who tends to hand over all the burden of responsibility only to the management structure, so serious efforts are needed to build consensus so that every major decision always receives moral and technical support from villagers (Rosari et al., 2022).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

The existence of BUMDes in Paguyaman District is basically designed to be a forum that facilitates local initiatives and develops the economic potential of the community through the optimization of village assets that have been handed over to the management of the business entity. To convert assets into economic value that has a real impact, every element involved in the structure of BUMDes is required to make a proactive contribution that goes beyond mere administrative tasks, either in the form of thought, energy, or managerial support. Voluntary and officially requested support by the village government is the key to business progress, considering that BUMDes is not just a pure business entity, but a development instrument that is tasked with improving the economic dignity of all levels of villagers without exception.

The establishment of this economic institution must be firmly rooted in the basic aspirations and needs of the village community, which arise from the identification of local potential which, if managed professionally, will be able to create competitive market demand (Septianingrum, Ika Putri Kumalasari, 2020). One of the main philosophies of the ownership of BUMDes by the village is to prevent the dominance of certain groups that have large capital, so that asset control and managerial control remain in the hands of the village collective. With this system of shared ownership, BUMDes function as a fortress of the people's economy with the main goal of improving the standard of living and financial welfare of the community as a whole, ensuring that the profits generated are redistributed for the benefit of infrastructure development and social empowerment at the village level (Putri & Wahyudi, 2024).

In order for public participation to not just be a slogan, adequate and effective communication channels are needed to accommodate every citizen's aspirations in a transparent manner. In the Paguyaman District area, the mechanism for conveying ideas and suggestions is facilitated through Village Deliberation forums and formal meetings that provide ample opportunities for the community to provide input on the direction of management policies. Although in practice, informal communication such as through the WhatsApp digital platform has begun to be used to deliver personal messages to the Village Head or Chairman of BUMDes, all of these proposals are still documented in the form of meeting minutes which are then finalized as the basis for new decision-making. The transformation towards a more modern aspiration distribution system is a great opportunity in the future to increase management's responsiveness to the dynamics of evolving community needs.

Substantial institutional strengthening of BUMDes can be achieved by encouraging the

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

active role of various interest groups, because the sustainability of a development program is highly dependent on synergy between community participation and village government policies (Jenita et al., 2023). A policy-making mechanism that integrates public desires into the operational activities of BUMDes will create an economic democratic system that is more robust and resilient to external changes. Thus, participation is not only seen as a form of manpower assistance, but also as part of inclusive governance, where the integration of community activities into the organizational structure of BUMDes is an absolute prerequisite for creating better transparency and accountability (Tui et al., 2021)t.

Community involvement does not only stop at the decision-making stage or formal meetings, but must manifest in direct involvement in various economic projects operated by BUMDes in each village. In Paguyaman District, this phenomenon is seen in real terms where on average each village manages three to four business units by involving citizen elements as the main implementers, such as youth groups who manage the futsal field in Hulawa Village to housewives who are suppliers or managers of food stalls in Molombulahe Village. Holistically, communities play a dual role in this ecosystem; They act as employees who drive the wheels of the business, strategic partners in the supply chain, as well as consumers or recipients of main services, so that economic turnover really occurs within the internal scope of the village itself.

Ultimately, the vital role of BUMDes as an instrument of empowerment is highly dependent on the effectiveness of financial management and participatory governance transparency (Marowa et al., 2024). Community participation in this context is similar to efforts to strengthen citizens' sovereignty which aims to increase the bargaining position of disadvantaged segments of society in order to escape from the snares of poverty and economic underdevelopment (Assajid et al., 2024). By ensuring the involvement of local residents in all operational aspects ranging from planning, implementation, to supervision of BUMDes in Paguyaman District, the principle of participation has been placed as the main pillar of management professionalization. Although the administrative mechanism is still conventional, this high level of participation has proven to be able to maintain the relevance of the program to local potential and improve operational efficiency which contributes directly to the sustainable transformation of the rural economy.

4. Prioritizing Local Resources

The fourth fundamental principle in the governance of Village-Owned Enterprises

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

(BUMDes) is the obligation to prioritize the utilization of all internal potentials owned by villages, both in the form of natural resources (SDA) and human resources (HR) (Rahmani, 2023). BUMDes must act as a catalyst that maximizes local assets as the main driving force of the economy, where the involvement of external parties or external resources is only positioned as complementary elements that are secondary. The use of resources from outside the village is only allowed if the internal potential is considered really insufficient or technically inadequate to support business operations (Sulila, 2022). By maintaining this independence, the abundant natural wealth and uniqueness of village art and culture can be converted into resilient social and economic capital to improve the welfare of the community independently (Sari & Meirinawati, 2020).

Efforts to realize sustainable rural economic growth through BUMDes require a series of integrative strategies, ranging from increasing productivity to diversifying business units that are relevant to market needs (Tasia, 2023). This requires the provision of adequate supporting facilities and economic infrastructure to strengthen the production chain and marketing of village products at large. As a business institution jointly established by the village government and the community, BUMDes must be able to optimize local wisdom and unique potentials that characterize the region as a foundation for economic growth. This focus on local resource management ensures that the strengthening of the village economy is not only temporary, but has strong roots in the original identity and capabilities of the local community (Indriana, 2018).

Typically, the potential of a village that can be optimized includes physical dimensions such as productive land, water availability, climatic conditions, geographical environment, to the livestock sector and the quality of human resources (Aneta et al., 2024). On the other hand, non-physical potential, which is no less important, consists of the pattern of social interaction of the community, the existence of educational institutions, social organizations, and the integrity of village officials and officials in supporting economic policies (Angraini & Asim, 2024). BUMDes established through collective initiatives must be able to synergize these two potential dimensions to build a competitive new business unit. Through the use of local uniqueness, BUMDes function as a strategic instrument that transforms existing wealth into economic added value for the progress and independence of rural communities (Indriastuti Lusia, 2022).

BUMDes plays a very strategic dual role, namely as an instrument to strengthen village autonomy and at the same time as a pillar of community welfare. In the first role, BUMDes

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

encourages village governments to explore local potential in accordance with their authority and ability to create village fiscal independence. Meanwhile, in the second role, BUMDes involves residents as strategic partners in business management with the main goal of accelerating economic growth and reducing unemployment at the local level (Pradesyah, 2018). Collaboration between the village government and the community in the entire operational cycle, starting from the planning stage to implementation is the key to empowerment which is expected to be able to transform the village economic order to be more dynamic (Syah, 2017).

On a practical level, every BUMDes and BUMDes Bersama business unit is required to place the use of natural resources and local labor as the highest priority before looking at resources from outside (Supardi & Budiwitjaksono, 2021). However, in a modern village development scheme, BUMDes managers still open space for investors and external partners to provide capital and technological support that is accelerating (Wowor et al., 2019). The need for this synergy is welcomed by local home industry players who hope that business units such as village stores or BUMDes distribution outlets can become concrete containers to market their products. This mutually beneficial partnership pattern between BUMDes and local business actors will create a healthy and mutually reinforcing village business ecosystem.

Every economic activity of the community needs to be organized and accommodated in one business entity that is managed professionally without leaving the base of the village's original potential (Fitriska, 2017). BUMDes that function optimally are expected to be able to become the axis of economic life for the population by absorbing local production capacity and providing access to economic services that are open to all levels of citizens. The existence of BUMDes must be in harmony with the capabilities and authority of the village so that there is no clash of regulations, but rather a harmonious synchronization between business interests and public services (Ananta et al., 2024). By becoming a forum for all productive activities of residents, BUMDes acts as the main liaison that ensures that each potential village has a clear and sustainable market channel.

In Paguyaman District, the management of BUMDes has tried to apply the principle of prioritizing local resources through market gap analysis and the use of dominant sectors such as agriculture and trade. Although partnerships with local businesses have been intensively established, there are still critical challenges where many business units are still stuck in providing services and consumer goods rather than processing local raw materials into finished products. The limitation of processing skills and the consistent supply of raw materials

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

are the main obstacles that must be overcome. Therefore, the direction of management guidance in the future must be focused on increasing the downstream capacity of products and strengthening the local supply chain, so that BUMDes in Paguyaman can truly transform into business units that are able to create high added value from natural and human resource assets to achieve economic sustainability.

5. Sustainable

The development of Village-Owned Enterprises (BUMDes) must be based on a strong sustainability vision so that this institution is able to operate consistently in the long term. This principle emphasizes that every economic activity carried out must be able to answer the urgent needs of the current village community without having to sacrifice the rights and potential of future generations to enjoy the same resources (Muliani, 2023). To integrate these values, it is necessary to strengthen institutional mechanisms supported by a continuous monitoring and guidance system in every aspect, from program implementation to organizational restructuring. Regular and consistent assistance is crucial to ensure that BUMDes operations remain on a transparent path, have a growing managerial capacity, and an organizational structure that is adaptive to changing times for the widest benefit of the village community (Zitri et al., 2022).

The principle of sustainability requires the management of programs that are able to foster awareness and active participation of the community in maintaining, preserving, and developing village assets (Assajid et al., 2024). To achieve a balance in the socio-cultural dimensions, human capital, and natural resources, a prudent governance system is needed under the supervision of credible institutions. This includes a commitment to reduce the overexploitation of natural resources and shifting the focus to environmentally conservation-oriented utilization so that the integrity of the ecosystem is maintained (Adawiyah, 2018). Each business unit under the auspices of BUMDes is obliged to align the achievement of short-term economic targets with the protection of future economic opportunities, so that the balance between generations can be realized.

The adoption of responsible and environmentally friendly business practices is a must for BUMDes in managing village natural resources to avoid irreversible potential damage (Pertiwi, 2021). This careful management is a tangible form of rural business ethics that puts nature conservation on par with financial profitability. Through this approach, BUMDes not only play a role as a profit hunter, but also as a guardian of the village's ecological fortress that

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

ensures that any exploitation of land or resources still pays attention to the carrying capacity of the environment. The integrity of resources is a guarantee that villages will continue to have a healthy production base to support the socio-economic life of their residents for a very long period of time (Hintalo et al., 2024).

In terms of strengthening capital, the development strategy of BUMDes often relies on capital participation from villages which is legally regulated in the Articles of Association and Bylaws (AD-ART) (Manda & Juliansa, 2024). However, in practice, efforts to raise new capital often face serious obstacles due to the level of profitability of institutions that have not reached the optimal number every year. This limitation of net profit automatically limits the space for BUMDes to expand or strengthen the internal capital structure independently. Therefore, improvements are needed in the operational system and business diversification so that BUMDes are able to generate adequate profits as the main requirement in realizing sustainable financial independence for villages.

The shift in development models from a traditional pattern that only hunts for high productivity to pro-environmental development is a crucial issue in Indonesia today (Febriansyah et al., 2023). Rural economic development must be directed to ensure equitable social access to public facilities and natural resources, so that people can lead healthy and dignified lives (Mulyana et al., 2024). BUMDes have a strategic function to create jobs that uphold a balance between economic, social, and environmental aspects. As an instrument of development, BUMDes must be able to build a rational livelihood structure where the financial benefits achieved do not sacrifice physical or ecological assets that belong to the collective of the village community (Hasanah, 2019).

In Paguyaman District, the implementation of sustainability principles has included three main dimensions, namely finance, environmental, and social, which are integrated with each other. On the financial side, the challenge of food security in the future requires BUMDes managers to improve their competence in preparing a comprehensive business plan or business proposal so that the allocation of Village Funds can be absorbed effectively and have a wide impact. In terms of the environment, commitment is shown through the standardization of operational procedures (SOPs) in the AD/ART that regulates the responsible use of crops and community land. However, consistency in the enforcement of these rules must continue to be strengthened to ensure that business practices do not negatively impact the local ecosystem.

Finally, the social dimension of BUMDes in Paguyaman District emphasizes its role as a

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

development agent that distributes most of the annual profits for the physical development of the village, clean water services, street lighting, and youth empowerment. This social impact is the main estuary of all economic activities, where the welfare of the community is the most tangible indicator of success. In the future, the development of BUMDes must be integrated with the Village Medium-Term Development Plan (RPJMDes) to ensure synchronization between business functions and social functions. This strategic integration will ensure that BUMDes profits are distributed equitablely, support citizen productivity, and create a holistic and sustainable rural economic transformation in Boalemo Regency.

CONCLUSION

Based on the results of the research and thorough discussion, it can be concluded that the transformation of the rural economy in Paguyaman District, Boalemo Regency, is highly determined by the effectiveness of BUMDes governance that integrates aspects of professionalism through a democratic recruitment system and continuous coaching, as well as the application of the principles of transparency and accountability through a strong Village Deliberation mechanism. The operational success of BUMDes in this region is supported by very high public participation, where the community is not only involved in the strategic decision-making process but also active as managers, partners, and service recipients in various village business units. In addition, BUMDes has succeeded in positioning itself as an economic catalyst by prioritizing the use of local resources, both natural and human, although there is still room for optimization in the downstream of products based on the original potential of the village. Holistically, the commitment to a sustainability vision that includes financial, environmental, and social dimensions has made BUMDes an inclusive development instrument, where business surpluses are realallocated to the public interest and village infrastructure, thereby creating a resilient, fair, and able to have a real welfare impact on all levels of rural society.

REFERENCES

Adawiyah, R. (2018). Social Media-Based Development Strategy for Village-Owned Enterprises (BUMDes). Public Policy and Management, 1.

Akbar, A. M., Sasanti, E. E., & Suryantara, A. B. (2022). Analysis of Accountability and Transparency in the Management of Bumdes Bina Sejahtera Kembang Kerang, East Lombok Regency. Journal of Accounting Student Research, 2(4), 716–725. https://doi.org/10.29303/risma.v2i4.310

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Ama Zunaidah, Eka Askafi, A. D. (2020). Village-Owned Enterprise Development Strategy (BUMDES). International Journal of Environmental Research and Public Health, 1(2), 1–10.

Ananta, Ilham Maulana, Rohim, & Budiono. (2024). Optimizing Village Financial Authority Based on Law Number 3 of 2024 in Supporting Village Development. Jma), 2(11), 3031–5220.

Aneta, A., Indah, D., Solihin, Y., Tohopi, R., Aneta, Y., & Podungge, A. W. (2024). Local Government Strategy in Increasing Regional Original Income in North Bolaang Mongondow Regency. 183–200.

Angraini, M. S., & Asim, M. (2024). BUMDES Strategy in Efforts to Develop Tourism Villages Based on Village Potential to Increase Village Original Income in Madura Strategy of Village-Owned Enterprises in Efforts to Develop Tourism Villages Based on Village Potential to Increase Original Villa. 7(November), 302–312.

Assajid, S. R., Khoiron, & Sekarsari, R. W. (2024). Village Sustainable Development Policy: Strategic Steps for Fulfilling Village SDGs. Scientific Journal of Public Administration (JIAP), 10(2), 170–180.

Azhari, A., . Mustofa, M., Meisari, E. D., & Setia Anggarista, E. T. (2023). Development of Village-Owned Enterprises through improving the quality of human resources. Scientific Journal of Contemporary Global Economics, 14(2), 82–92. https://doi.org/10.36982/jiegmk.v14i2.3392

Bambang Haryadi. (2023). Training and assistance in financial management and financial statements of perfect bumdes bangkalan. Journal of Community Service and Quality Improvement (Janayu), 4(1), 1–15. https://doi.org/10.22219/janayu.v4i1.24193

Cahyadi, N., & Basyari, A. S. (2023). Bumdes development strategy through village land optimization as a form of income increase efforts. Dedication: Journal of Community Service, 5(2), 168. https://doi.org/10.30587/dedikasimu.v5i2.5647

Dian Wijaya, R. T. (2025). ADVANCED INDONESIA EMPOWERED VILLAGES: Synergy of Basic Services and Village SDGs (M. S. Eko Sutrisno (ed.)). Future Science. https://bookstore.futuresciencepress.com/book/desa-berdaya-indonesia-maju-sinergi-pelayanan-dasar-dan-sdgs-desa

Dwi, N., Kusmachaerusanni, & Ismanto, U. (2024). Governance of Village-Owned Enterprises (BUMdes) Mekarsari, Garut Regency in Improving the Economy of the Village Community. INNOVATIVE: Journal Of Social Science Research, 4, 2925–2942.

Febriansyah, P. S., Aromatika, D., & Koeswara, H. (2023). Development Strategy for Enterprises Owned by Surya Sejahtera Village. Administrative and Social Sciences, 12(1), 42–50.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Febryani, H., Nurmalia, R., Lesmana, I. M. I., Ulantari, N. K. W., Dewi, D. P. Y. P., & Rizky, N. (2019). The existence of Village-Owned Enterprises (Bumdes) as a strengthening of the economy of Abiantuwung Village. Scientific Journal of Accounting and Humanities, 8(1), 95–103. https://doi.org/10.23887/jinah.v8i1.19865

Fitriska, K. (2017). Development Strategy of Village-Owned Enterprises in Improving Community Welfare in Lancang Kuning Village, North Bintan District. Journal of State Administrative Sciences, 5(2), 29–34.

Hasanah, N. (2019). Efforts to Improve the Economic Welfare of Village Communities through the Development Strategy of Village-Owned Enterprises (BUMDES) in Melirang Village, Bungah District, Gresik Regency. QIEMA: Qomaruddin Islamic Economy Magazine, 5(1), 14–45.

Hintalo, S., Aneta, A., & Tohopi, R. (2024). Implementation of the Village-Owned Enterprise Program (BUMDES) Policy in Hulawa Village, Paguyaman District, Boalemo Regency. 10(1). https://doi.org/10.25299/jiap.2024.16316

Idah Wahidah, Devi Eryanti, M. A. H. (2025). Institutional Revitalization of BUMDes Through Community Empowerment in Efforts to Strengthen the Economy in Gunturmekar Village, Sumedang Regency. 10(4), 1009–1011.

Indriana, R. (2018). Analysis of Factors Affecting the Implementation of Infrastructure Development in Sungai Cina Village, West Rangsang District, Meranti Regency in 2016. UIN Suska Riau, 53(9), 1689–1699.

Indriastuti Russia. (2022). Institutional Revitalization of Bumdes in an Effort to Increase Village Independence and Resilience. Journal of Religious Studies, 10(1), 1–15. http://ejournal.kopertais4.or.id/mataraman/index.php/washatiya/article/view/4663%0A http://ejournal.kopertais4.or.id/mataraman/index.php/washatiya/article/download/4663/3418

Jenita, J., Andrini, R., Hertina, H., Zuraidah, Z., & ... (2023). Strengthening Sharia Financial Management for Village-Owned Enterprises (BUMDes) Managers. Towers, 17(1), 36–45. http://ejournal.uin-suska.ac.id/index.php/Menara/article/view/20062%0Ahttp://ejournal.uin-suska.ac.id/index.php/Menara/article/download/20062/9365

Kushartono, E. W. (2016). DEVELOPMENT OF INDEPENDENT VILLAGES THROUGH THE MANAGEMENT OF VILLAGE-OWNED ENTERPRISES (BUMDes) Fitrie Arianti Diponegoro University Semarang.

Lola, N., Wahyunadi, W., & Astuti, E. (2025). Analysis of Village Fund Management in Improving

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Community Welfare in Mambangan Village, Gunungsari District, West Lombok Regency. Constant Journal, 4(1), 31–51. https://doi.org/10.29303/konstanta.v4i1.1834

Manda, E., & Juliansa, P. (2024). The strategy of Bumdes and the Karangagung Village Government in improving welfare through. 2(1), 13–18.

Marowa, S., Nasir, M., & Rajab, M. (2024). Strategies of Tanjung Bunga Village-Owned Enterprises (Bumdes) in Increasing Village Original Income: A Study of Baturube Village, North Morowali Regency. GOVERNMENT: Public Administration and Government Journal, 4(1), 75–87. https://doi.org/10.52423/pamarenda.v4i1.8

Muliani, A. (2023). Village Owned Business Governance Book. November, 7–122.

Mulyana, H. I., Garvera, R. R., & Sujai, I. (2024). BUMDes Strategy in Increasing Village Original Income in Bentar Village, Salem District, Brebes Regency. 01(02), 125–135.

Nurhidayati, N., Purwanti, D., & Aji, L. P. (2023). Village BUM Financial Reporting, a Form of Financial Management Accountability (Assistance at BUM Berkah Sae Kedak Kediri Village). Robust: General Finance and Applied Accounting, 5(1), 59–65.

Pertiwi, N. (2021). Implementation of Sustainable Development in Indonesia. Ramadan Library, 1–134.

Podungge, A. W., & Aneta, A. (2020). Employee professionalism is reviewed from the organizational aspect in public services. Public (Journal of Administrative Sciences), 9(1), 55. https://doi.org/10.31314/pjia.9.1.55-65.2020

Pradesyah, R. & A. A. (2018). Potential Management of Sharia-Based Village-Owned Enterprises (Bumdes). Arakat, 2(2), 2580–3069.

Pradini, R. N. (2020). Development Strategy for Village-Owned Enterprises (Bumdes) in Kedungturi Village, Sidoarjo Regency. Journal of Government and Public Security (JP and KP), 57–67. https://doi.org/10.33701/jpkp.v2i1.1000

Putri, A. A., & Wahyudi, K. E. (2024). Bum Development Strategy of "Banjarsari Berkah" Village, Cerme District, Gresik Regency. 12(2), 120–139.

Rahayuningsih, T. W., Igirisa, I., & Sulila, I. (2024). The application of good governance principles at the Office of the Financial Audit Agency (BPK) of Gorontalo Province. 1(May), 1–5.

Rahmani, F. N. (2023). Village government governance in the development of tourist villages (Issue December). https://eprints.walisongo.ac.id/23467/1/Skripsi_1906016005_Fauziah_Noor_Rahmani.pdf

Rosari, R., Cakranegara, P. A., Pratiwi, R., Kamal, I., & Sari, C. I. (2022). Human Resource

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Management Strategy in BUMDES Financial Management in the Digitalization Era. Owner, 6(3), 2921–2930. https://doi.org/10.33395/owner.v6i3.870

Sari, Y. D. P., & Meirinawati. (2020). Kutang Beach Tourism Development Strategy in Labuhan Village, Brondong District, Lamongan Regency. Published, 1–14.

Septianingrum, Ika Putri Kumalasari, E. H. F. (2020). Strategy to Improve the Village Economy through Optimizing the Role of Bumdes in Ngampungan Village, Jombang Regency.

Sofyani, H., Ali, U., & Septiari, D. (2020). Implementation of Good Governance Principles and Their Role in Performance in Village-Owned Enterprises (BUMDes). JIA (Scientific Journal ..., 5(2), 325–359.

Sulila, I. (2022). The Effect Transparency, Accountability, Responsibility, Independency and Fairness on the Governance Performance of State Universities in Indonesia. Journal of Public Administration and Governance, 12(1), 142. https://doi.org/10.5296/jpag.v12i1.19493

Supardi, E. L., & Budiwitjaksono, G. S. (2021). Village Owned Enterprises (BUMDes) Management Strategy in an Effort to Increase Village Original Income in Bungurasih Village. JEMMA (Journal of Economics, Management and Accounting), 4(2), 139. https://doi.org/10.35914/jemma.v4i2.733

Syah, F. (2017). Strategy to Develop Tourism Villages. Proceedings of the 3rd National Seminar on Multi-Disciplinary Sciences & Papers of Unisbank, 3(3), 335–341.

Syam, M. A., Suratno, S., & Djaddang, S. (2021). Literacy of BUMDES (Village-Owned Enterprises) Governance. CAPACITAREA: Journal of Community Service, 1(02), 67–79. https://doi.org/10.35814/capacitarea.v1i02.1993

Tasia, E. (2023). IN REALIZING SUSTAINABLE DEVELOPMENT GOALS OF THE VILLAGE (Case Study: BUMDes Bahtera Mandiri in Jenggala Village, KLU). Journal of Research, 3(3), 105–117.

Teuku Al Ichsan, Safuridar Safuridar, & Rinaldi Syahputra. (2023). Systematic Literature Review: An Analysis of the Management of Village Fund Allocation (Add) in Village Development Efforts. MUQADDIMAH: Journal of Economics, Management, Accounting and Business, 1(1), 162–168. https://doi.org/10.59246/muqaddimah.v1i1.96

Tohopi, R., Nani, Y. N., Tui, F. P., & Abdussamad, J. (2024). Village Fund Policy Governance and Cultural Participation of Village Communities in Boalemo Regency. Dynamics of Rural Society Journal, 2(1), 11–21. https://doi.org/10.37905/drsj.v2i1.41

Tui, F. P., Tohopi, R., Igirisa, I., Igirisa, M., & Jantu, F. R. (2021). SME Development and Institutional Strengthening of BUMDes in Kikia Village, Sumalata District, North Gorontalo Regency.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Journal of Sibermas (Synergy of Community Empowerment), 10(1), 93–108. https://doi.org/10.37905/sibermas.v10i1.10397

Ubi Laru, F. H., & Suprojo, A. (2019). THE ROLE OF VILLAGE GOVERNMENTS IN THE DEVELOPMENT OF VILLAGE-OWNED ENTERPRISES (BUMDes). JISIP: Journal of Social and Political Sciences, 8(4), 367–371. https://doi.org/10.33366/jisip.v8i4.2017

Widiatmika, K. P. (2015). Independent Village, Build Village. Ethics of Journalism in Yellow Newspapers: A Study of Green Light Newspapers, 16(2), 39–55.

Wowor, M., Singkoh, F., & Waworundeng, W. (2019). Management of Village-Owned Enterprises (Bumdes) in Increasing Original Income in Kamanga Village, Tompaso District. Journal of Public Economics and Finance, (3)(3), 2337–5736.

Yacob Residence, Rustam Tohopi, Alexander H Badjuka, S. Y. M. (2025). Qualitative Methods of Public Administration Research (Philosophical Review and Practical Implications) (Z. Abdussamad (ed.)). Deepublish. https://books.google.com/books?hl=en&lr=&id=Mq-TEQAAQBAJ&oi=fnd&pg=PP1&dq=info:bSGjL_NG5ssJ:scholar.google.com&ots=7HX31PqkJY&sig=o9bIn2Z_w5x3mhYqAslTme7u1k0

Zitri, I., Rifaid, R., & Umami, R. (2022). Assistance in Strengthening the Capacity of Members of the Village Consultative Body (BPD) of Karang Bongkot Village in the Preparation of PERDes for the Formation of BUMDes. JCES (Journal of Character Education Society), 5(3), 726–738. http://journal.ummat.ac.id/index.php/JCES/article/view/9326

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License