



ISSN 2621- 458X

An Analysis of the Role of Village Owned Enterprises (BUMDes) in Improving Community Welfare in Harapan Village, Tanete Riaja Subdistrict, Barru Regency

A.Aminah

*ITBA Al Gazali Barru
aaminah@algazali.ac.id*

Dian Pratiwi

*ITBA Al Gazali Barru
dianpratiwi@algazali.ac.id*

ABSTRACT

This study examines the role of Village-Owned Enterprises (BUMDes) in enhancing community welfare in Harapan Village, Tanete Riaja Subdistrict, Barru Regency. As a strategic institution for rural economic development, BUMDes is designed to harness local potential to generate sustainable economic growth and improve the standard of living among village residents. Employing a qualitative descriptive approach, data were obtained through in-depth interviews with BUMDes administrators, village officials, and community members. The findings indicate that BUMDes has contributed significantly to increasing household income through various business units, including microfinance services and the marketing of agricultural products. Despite these positive outcomes, the study identifies several constraints, such as limited financial capital, inadequate managerial competencies, and low levels of community engagement. To address these issues, the study recommends enhancing human resource capacity, fostering continuous training, and promoting greater stakeholder collaboration to ensure the sustainability and effectiveness of BUMDes initiatives in rural development.

Keywords: Village,Owned,Enterprises, community welfare,economy, BUMDes

A. INTRODUCTION

Rural development remains one of the key national development priorities in Indonesia, aiming to reduce the disparities between urban and rural regions. The Indonesian government has implemented various programs and policies to improve living standards, reduce poverty, and promote inclusive economic growth in villages. This strategic shift has empowered rural communities to participate actively in the economic development process while utilizing their

local resources. Among the most strategic instruments in accelerating rural economic development is the establishment of Village-Owned Enterprises (BUMDes), which function as community-managed economic institutions. These enterprises are operated by village governments in collaboration with local stakeholders to maximize village resources. The goal is to generate income, expand employment opportunities, and reduce dependence on external economic actors.

BUMDes serve as platforms to manage collective economic ventures, facilitating the creation of business units such as savings and loans, trade, tourism, agriculture, and livestock. This approach aligns with the principle of sustainable development and strengthens the economic resilience of villages. The involvement of communities in BUMDes operations is a crucial aspect of its sustainability and legitimacy.

According to the Indonesian Ministry of Villages, Disadvantaged Regions, and Transmigration, by 2022 there were over 60,000 BUMDes established throughout the country (mdpi.com, 2023). This number illustrates the widespread acceptance of BUMDes as a development tool and the state's commitment to empowering villages through local enterprise development.

The presence of BUMDes has significantly contributed to the growth of local economies, especially in increasing household incomes and expanding access to services. The role of BUMDes has been linked to improvements in financial literacy, entrepreneurship, and social capital within rural populations. Communities with active BUMDes tend to demonstrate stronger economic independence and self-sufficiency. A study by Puri and Khoirunurrofik (2021) indicates that villages with established BUMDes experienced greater economic improvements compared to those without. Their research also shows that BUMDes have encouraged innovation in managing local natural and human resources (journal.unnes.ac.id, 2021). This evidence strengthens the argument that BUMDes are central to grassroots-level development initiatives.

Despite the growing number of BUMDes, many still face operational challenges that limit their effectiveness. These include governance issues, lack of legal recognition, limited access to capital, and poor financial management practices. Without adequate capacity, the vision of BUMDes as economic drivers may remain unfulfilled. A key issue is the limited managerial capacity of BUMDes administrators, many of whom lack formal training in enterprise development. This often results in suboptimal business practices and weak institutional

accountability (journal.ipb.ac.id, 2022). Strengthening human resource quality is thus a prerequisite for enhancing BUMDes performance.

Legal status is also a major concern. As of June 2023, only 14,326 out of 49,056 BUMDes in Indonesia had obtained legal entity status (en.antaranews.com, 2023). Without clear legal standing, BUMDes struggle to establish partnerships with private sector actors or access external financing institutions. Legal recognition is essential for improving transparency, governance, and the ability to build trust with external investors. It also supports compliance with taxation, reporting, and licensing regulations. Therefore, simplifying the process for obtaining legal status must become a policy priority.

In the context of local economic empowerment, BUMDes play a vital role in supporting micro, small, and medium enterprises (MSMEs). These enterprises are often the backbone of rural economies and provide substantial employment and income opportunities. BUMDes help integrate MSMEs into formal market systems. Through microfinance services and entrepreneurship training, BUMDes enable local MSMEs to grow and expand market access (lingkarpenaindonesia.com, 2023). This role is particularly important in remote or underdeveloped villages where access to financial institutions is minimal or nonexistent.

Moreover, BUMDes have become key players in rural tourism development, agriculture, and local product marketing. These sectors offer significant potential to boost village income while preserving cultural heritage and local wisdom. Community-based tourism, in particular, provides alternative livelihood strategies. Research conducted by Ridhowati (2024) found that BUMDes significantly increase public participation and awareness in economic development programs. It also revealed positive impacts on income levels and access to health and education services (jmi.rivierapublishing.id, 2024). These benefits contribute directly to community welfare. Nonetheless, success in these areas requires strategic and participatory management approaches that align with the specific needs of each village. Without local involvement, BUMDes risk being perceived as top-down initiatives that fail to resonate with the community's aspirations.

Community engagement in planning and decision-making processes ensures that BUMDes activities remain relevant and sustainable. When villagers are involved from the outset, they develop a sense of ownership that fosters responsibility and innovation. Participation is a form of social capital that must be cultivated continuously. Equally important is the development of social

and human capital. Regular training, mentorship, and capacity-building programs for BUMDes managers and village officials are essential. These interventions help ensure professional management and transparent financial practices (journal.ipb.ac.id, 2022).

In addition to capacity-building, government support in the form of enabling regulations, funding opportunities, and partnerships with universities and the private sector is critical. Collaborative frameworks can help BUMDes reach economies of scale and adopt innovative technologies. With a holistic and integrated development strategy, BUMDes have the potential to become drivers of inclusive and sustainable village economies. Their success depends not only on internal management but also on the broader ecosystem of support available to them.

Therefore, this study aims to analyze the role of BUMDes in improving community welfare in Harapan Village, Tanete Riaja Subdistrict, Barru Regency. It seeks to identify the supporting and inhibiting factors in the implementation of BUMDes programs in a specific local context. The findings are expected to contribute to the academic discourse on rural development while offering practical recommendations for policymakers, village leaders, and development practitioners. This research highlights the importance of locally owned enterprises in achieving long-term rural prosperity.

B. RESEARCH METHODOLOGY

This study employs a qualitative descriptive approach to explore the role of Village-Owned Enterprises (BUMDes) in improving community welfare in Harapan Village, Tanete Riaja District, Barru Regency. The qualitative method is considered appropriate for understanding the phenomena, perceptions, and dynamics that occur in the field, particularly regarding how BUMDes function as drivers of local economic development. The focus is on collecting, analyzing, and interpreting data that reflect the experiences and perspectives of stakeholders involved in the management and utilization of BUMDes.

The primary data in this study were obtained through in-depth interviews, direct observations, and documentation. The key informants include the Head of Harapan Village, BUMDes managers, community members, and representatives from local government agencies. Interviews were conducted using semi-structured question guides to allow for flexibility and depth

of response. Observations were carried out at the BUMDes office and business units to understand operational activities and community engagement in economic programs.

Secondary data were collected through literature reviews, relevant government reports, and official statistics related to BUMDes development, regulations, and performance indicators. These sources provide contextual understanding and comparative insights that enrich the interpretation of primary findings. Relevant documents such as the BUMDes statutes, annual reports, and program plans were also examined to validate the consistency between planning and implementation.

The sampling technique used in this study is purposive sampling, which allows the researcher to select individuals who are considered knowledgeable and directly involved in BUMDes operations. This technique is useful for obtaining specific insights that are relevant to the research objectives. The total number of informants was determined based on data saturation, where no new information or patterns emerged from additional interviews. Data analysis was carried out using the Miles and Huberman interactive model, which consists of three components: data reduction, data display, and conclusion drawing/verification. In the data reduction stage, the researcher selected, focused, and simplified the raw data from the field to highlight important points. The data display phase involved organizing the data in descriptive form, matrices, or tables to facilitate interpretation. Lastly, conclusions were drawn based on patterns, relationships, and implications found in the data.

To ensure the validity of the data, this study applied triangulation of sources, methods, and techniques. Source triangulation was conducted by comparing the information obtained from different types of informants. Method triangulation involved the combination of interviews, observations, and documentation. Technical triangulation ensured the consistency of results across different instruments. Member checking was also carried out by verifying the data with the participants to confirm accuracy.

Ethical considerations were addressed throughout the research process. All participants were informed about the purpose of the study, and their consent was obtained prior to participation. Anonymity and confidentiality were guaranteed to ensure that all information collected was used solely for academic purposes. This research adheres to ethical guidelines for social research as established by the institution and relevant authorities. Overall, this methodology is designed to

provide a comprehensive and contextualized understanding of how BUMDes in Harapan Village contributes to enhancing community welfare, identifying both enabling factors and existing challenges. The qualitative approach allows the researcher to gain insights into local governance, community empowerment, and the socio-economic impact of BUMDes initiatives at the grassroots level.



Figure 1 Framework Diagram

C. RESEARCH RESULTS AND DISCUSSION

➤ Research results

Village-Owned Enterprises (BUMDes) in Lempang Village, Tanete Riaja District, Barru Regency, were established to improve the welfare and economic conditions of the community. However, their role has not been fully maximized. Based on the interviews, the economic benefits resulting from BUMDes activities are still limited and only felt by those directly involved in the management. The head of the village explained that BUMDes Lempang was reactivated in 2019 after a long inactive period and has since provided income opportunities, although the scale of profit is still small and has not significantly affected the overall village economy.

The director of BUMDes acknowledged that the results of the economic efforts through the existing business units are not yet satisfactory. Although some community members involved in the operations have begun to feel the impact, the financial returns remain minimal. This is partly

due to the previous inactivity of BUMDes, which was managed by village officials before it was handed over to the community. Since the transfer, local participation has improved, yet challenges remain in terms of management capacity, funding, and strategic development to achieve sustainable outcomes.

The BUMDes unit currently operates a poultry farming business focused on egg production. However, this enterprise has yet to produce significant profit. One major constraint is the use of rented facilities, which limits flexibility and increases operational costs. The land and chicken coop used for this business are privately owned and rented through a profit-sharing agreement. This reduces the net income of the unit and poses limitations for expansion or infrastructure investment that could increase productivity and community benefits in the long run. According to the village head and BUMDes director, Lempang Village still does not possess permanent village-owned assets that can be optimized for business purposes. The lack of assets forces BUMDes to rely on temporary facilities and increases dependence on private individuals. This situation restricts the village's autonomy in managing and scaling up its business operations. The current rental arrangement involves sharing 40% of the sales proceeds with the landowner, which significantly cuts the overall revenue of the business unit and affects its sustainability.

The BUMDes team has tried to ensure that rented facilities, particularly the chicken coop, are maintained in good condition. Daily inspections are conducted to monitor structural integrity and hygiene. If any part of the coop is found to be damaged or unsafe, it is promptly repaired or replaced to avoid risks to the poultry. These proactive maintenance efforts are crucial to preserving productivity, as poor infrastructure can directly lead to illness among the chickens and reduce egg output, thereby impacting the enterprise's profitability.

Despite the management's efforts, challenges persist due to limited access to financial resources. The BUMDes operation depends heavily on funding allocations, which are often delayed. This affects the consistency of purchasing supplies, paying workers, and making timely repairs. The delays in budget disbursement from the local government reduce the agility of the business in responding to market demands and operational needs. Furthermore, the limited working capital restricts the potential to diversify business units or explore more profitable ventures.

Human resources are another key issue in the BUMDes' performance. Many of the individuals involved lack formal training in business management or agricultural practices. This has led to inefficiencies in operations and poor response to technical issues, particularly in livestock farming. In several instances, the chickens in the poultry unit have suffered from illnesses due to inadequate care or late detection of symptoms. The absence of veterinary support or standardized health procedures further weakens the business's ability to sustain stable and productive operations.

The limited economic impact of BUMDes is also reflected in the low level of community involvement. Most villagers are not yet integrated into the BUMDes framework, either as workers, stakeholders, or beneficiaries. Only those directly managing the business units have seen financial returns. As a result, the BUMDes has not fully functioned as a village-wide economic development instrument. This raises concerns about inclusivity and the broader goal of poverty reduction through community-based entrepreneurship.

The BUMDes has yet to fulfill its potential as a facilitator of micro-enterprises among villagers. There are no significant programs or initiatives aimed at supporting individual businesses or empowering entrepreneurs. The current model is focused only on internal BUMDes operations, without extending services such as loans, training, or marketing support to the wider population. As such, the role of BUMDes in catalyzing village entrepreneurship and innovation remains underdeveloped and fragmented.

Interviews reveal that villagers who are not part of the BUMDes feel disconnected from its mission and activities. This disconnect stems from a lack of outreach, socialization, and benefit-sharing mechanisms. Without active engagement from the entire community, the sustainability of BUMDes is questionable. The enterprise risks becoming exclusive, serving only a small group of people while the rest of the village remains uninvolved and economically stagnant. Inclusive participation is essential for long-term success and impact.

The issue of asset ownership continues to hinder progress. A more sustainable model would require BUMDes to invest in purchasing or building permanent infrastructure to reduce dependency on private resources. Such investment would allow greater control over operational costs and facilitate strategic planning. Until these assets are secured, the BUMDes will continue to face limitations in both profitability and development, especially in building long-term business

models that can uplift the entire village. In the current condition, risk management is a concern. With no buffer assets or financial reserves, the enterprise is vulnerable to shocks such as livestock disease, market fluctuation, or unexpected repairs. These shocks can halt operations, delay income, and demotivate stakeholders. Establishing emergency funds, forming partnerships with agricultural and veterinary services, and implementing preventive health protocols would strengthen BUMDes' resilience and enhance its role in local development.

There is also a need to improve transparency and accountability in BUMDes management. While there have been efforts to involve villagers, decision-making is still limited to a few individuals. Introducing participatory planning and reporting systems would not only improve trust among the community but also encourage more people to engage. When the public sees clear results, they are more likely to support BUMDes initiatives and even propose new business ideas based on local potential.

Training and mentoring programs are urgently needed to improve the skills of BUMDes staff and participants. Topics should include financial literacy, business planning, marketing, and livestock management. These programs could be supported by local government, universities, or NGOs. Improved human capital will increase the efficiency and profitability of existing businesses while also enabling the creation of new ones. Such capacity building is foundational for any village-owned business entity aiming to thrive in the long term.

The limited scale of current operations does not yet reflect the potential of Lempang Village. The area has agricultural land, labor availability, and market access that could support various enterprises. With strategic planning, BUMDes could expand into food processing, agrotourism, or small-scale manufacturing. However, this requires a shift from subsistence-level thinking to a more entrepreneurial mindset, supported by strong governance and institutional support from village leadership.

Government support plays a crucial role in the success of BUMDes. This includes not only budget allocation but also technical assistance and policy facilitation. Programs targeting BUMDes development must be consistent, timely, and aligned with local needs. Coordination between the village, district, and provincial levels must be improved to ensure that BUMDes receives the necessary resources and operates within a conducive regulatory environment. The village leadership must also strengthen its role in monitoring and evaluating BUMDes

performance. Regular audits, community consultations, and performance reviews are necessary to ensure accountability and efficiency. These mechanisms help identify challenges early and allow corrective action to be taken. Transparent communication between the BUMDes management and the community will enhance credibility and encourage broader participation. Despite its current shortcomings, BUMDes in Lembang Village has laid a foundation for community-based economic initiatives. The existing poultry farming unit, while small and limited, demonstrates the feasibility of local enterprise when supported by villagers. With better planning, asset investment, and human resource development, this initiative could be scaled up to include more people and more business units, thereby creating a stronger local economy.

Looking forward, a more integrated approach is needed to realize the full potential of BUMDes. This includes aligning business plans with village development priorities, diversifying income streams, and forming partnerships with private and public entities. Only through this integration can BUMDes truly serve as a vehicle for inclusive economic growth and sustainable development at the village level. In conclusion, the role of BUMDes in improving community welfare in Lembang Village remains limited but promising. The organization requires strategic improvements in asset management, capacity building, and inclusive participation. With sufficient support, stronger governance, and community involvement, BUMDes can evolve into a key pillar of rural development, contributing not only to household income but also to collective empowerment and economic resilience.

Visually, the administrative area can be seen in the Lembang Village Area Map as follows:

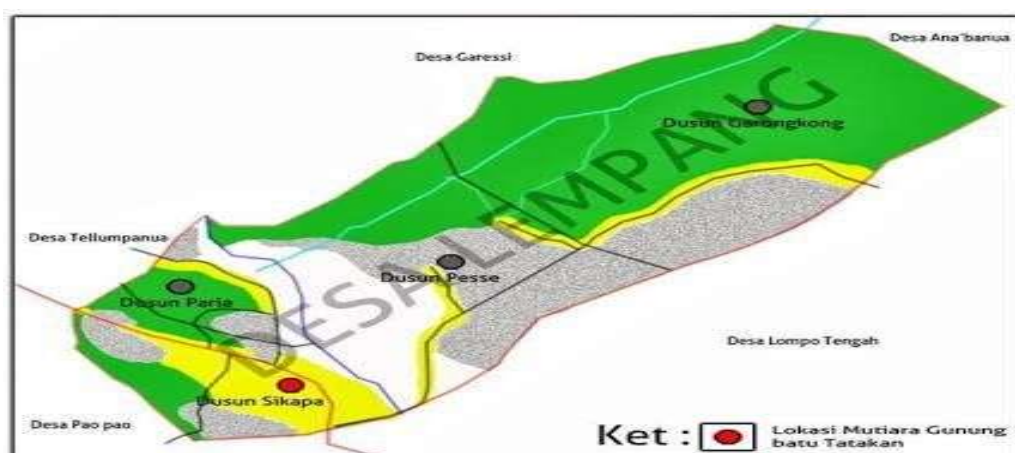


Figure 2. Map of Lembang Village, Tanete Riaja District, Barru Regency Discussion

The findings indicate that Village-Owned Enterprises (BUMDes) in Lempang Village hold substantial potential to stimulate the local economy; however, several challenges limit their optimal performance. These challenges include the absence of village-owned fixed assets, unprofessional management, and inadequate human resource capabilities. As a result, the existing business activities have yet to generate a significant economic impact for the wider community. This observation aligns with development theories emphasizing the need for robust asset management and skilled personnel to ensure effective BUMDes operations. Therefore, addressing these limitations is critical to unlocking the full potential of BUMDes as economic catalysts in rural areas.

Asset ownership is a fundamental determinant of BUMDes sustainability. Currently, Lempang's BUMDes depends on rented facilities, which diminishes profit margins due to revenue-sharing arrangements with property owners. The lack of fixed assets hinders operational stability and long-term growth, underscoring the necessity for strategic acquisition and management of village assets. Strengthening asset ownership directly improves business capacity and enhances the competitiveness of local enterprises. This reflects findings from prior research that associates asset control with increased organizational resilience and economic performance in rural enterprises.

Human resource constraints were also prominent in the interviews, revealing that limited business management knowledge and technical skills impede effective BUMDes operation. The shortage of targeted training and capacity-building programs reduces efficiency and hinders innovation within BUMDes units. This supports existing scholarship which identifies human resource development as a key factor in community enterprise success. To improve outcomes, concerted efforts to provide ongoing education, mentoring, and skill enhancement for BUMDes managers are essential and must be prioritized by stakeholders.

Financial limitations further restrict BUMDes' ability to sustain and expand its business ventures. Dependence on government funds that are often delayed disrupts planned activities and hinders timely investments in maintenance and growth. Sustainable and diversified funding sources are therefore imperative, including village budgets, partnerships with financial institutions, and collaborations with private sector actors. The findings reinforce earlier studies emphasizing

the importance of financial stability for the operational continuity and scalability of village-owned enterprises.

The current focus on a single business sector, particularly poultry farming, narrows opportunities for income diversification and broader economic development. Expanding BUMDes activities into various sectors would reduce dependency on one source of income and mitigate business risks. This diversification approach aligns with rural development theories advocating multiple income streams to enhance community resilience and generate more inclusive economic benefits. Broader business portfolios within BUMDes could also stimulate local market activity and job creation.

Community participation in BUMDes management and benefit-sharing appears limited, with economic gains primarily concentrated among those directly involved in operations. This situation indicates a need for more inclusive and participatory governance models that engage the wider village population. Increased community involvement would enhance the relevance of BUMDes activities to local needs and foster a sense of ownership and shared responsibility. Participatory approaches are widely recognized as vital for ensuring the sustainability and equitable distribution of benefits in community enterprises.

Improving transparency and accountability in BUMDes governance is another critical factor identified in the study. Openness in decision-making and financial reporting can build trust among community members and encourage wider participation. Good governance practices underpin successful community enterprises by promoting fairness, responsiveness, and inclusiveness. Enhancing these aspects could lead to more effective resource management and stronger community support for BUMDes initiatives.

In summary, while BUMDes in Lempang Village has yet to realize its full potential, the foundational elements for growth exist. Addressing asset limitations, enhancing human resource capacity, securing sustainable financing, broadening business activities, promoting community participation, and improving governance are key strategies for strengthening BUMDes. With these improvements, BUMDes can become a pivotal force in advancing rural economic independence and improving the welfare of the village community, in line with national rural development objectives.

D.CONCLUSION AND RECOMMENDATIONS

➤ Conclusion

The findings of this research indicate that the Village-Owned Enterprise (BUMDes) in Lempang Village has not yet fully achieved its potential in improving community welfare. Although there are signs of benefit for those directly involved in its business operations, the overall economic impact on the broader village community remains minimal. Several contributing factors include the limited scale of income generated from the business units and the concentration of benefits only among a few individuals. Consequently, BUMDes has not yet become a central driver of inclusive economic growth in Lempang Village.

Another key issue is the lack of sustainable asset ownership. The village does not yet possess land or infrastructure dedicated to BUMDes operations, relying instead on rented facilities. This limits its ability to expand and invest in long-term ventures. Additionally, inconsistent funding and insufficient human resources hinder operational efficiency. The limited involvement of the wider community and absence of innovation in business models also restrict the effectiveness of BUMDes in fulfilling its role as a local economic engine.

➤ Recommendations

To improve the role of BUMDes in promoting economic welfare, it is necessary for local authorities to invest in capacity building for both management and staff. Training programs in finance, entrepreneurship, and governance can significantly enhance the professionalism and productivity of BUMDes operations. Strengthening collaboration with external institutions, such as cooperatives, universities, or private sector actors, can also help expand business networks and access to capital and expertise.

The village government should consider allocating land or establishing permanent facilities for BUMDes to reduce dependency on rented infrastructure. Securing productive assets will provide a stronger foundation for stable business operations. In addition, efforts to diversify

business units—beyond existing ventures such as poultry farming—should be pursued to generate multiple revenue streams and better serve the community’s needs.

Community engagement is also essential. Encouraging participatory planning, open governance, and transparent reporting will foster greater trust and accountability. When villagers feel involved and informed, their willingness to support and participate in BUMDes activities will increase. This broader participation will help distribute benefits more equitably and strengthen the legitimacy of BUMDes as a community-based institution. Finally, local policymakers should integrate BUMDes development plans into the broader village development strategy. By aligning its growth with long-term goals of economic self-sufficiency and rural empowerment, BUMDes can transform into a vital institution that contributes meaningfully to the sustainable development of Lempang Village.

REFERENCES

- Antara News. (2023, June 5). *Ministry: 14,326 BUMDes have legal status*. <https://en.antaranews.com/news/283539/ministry-14326-bumdes-have-legal-status>
- Lingkar Pena Indonesia. (2023, September 14). *Peran BUMDes dalam mengembangkan UMKM desa dan layanan keuangan mikro*. <https://lingkarpenaindonesia.com/peran-bumdes-dalam-mengembangkan-umkm>
- MDPI. (2023). *Village-Owned Enterprises (BUMDes) and community welfare: An integrative review*. MDPI Sustainability. <https://www.mdpi.com/2071-1050/15/3/1256>
- Puri, R. D., & Khoirunurrofik, K. (2021). The role of village-owned enterprises (BUMDes) in Indonesia’s rural development. *Jurnal Ilmu Ekonomi*, 10(2), 122–135. <https://journal.unnes.ac.id/sju/index.php/jei/article/view/40919>
- Ridhowati, S. (2024). Strengthening economic resilience through BUMDes development: A case study of rural Indonesia. *Jurnal Manajemen Indonesia*, 17(1), 77–90. <https://jmi.rivierapublishing.id/index.php/jmi/article/view/132>

- Universitas IPB. (2022). *Evaluasi manajemen dan kapasitas sumber daya manusia pada BUMDes. Jurnal Manajemen dan Agribisnis*, 19(3), 204–219. <https://journal.ipb.ac.id/index.php/jma/article/view/42761>
- Bappenas. (2022). *Development strategy of BUMDes in achieving inclusive economic growth. Jurnal Perencanaan Pembangunan: The Indonesian Journal of Development Planning*, 6(1), 55–68. <https://journal.bappenas.go.id/index.php/jpp/article/view/176>
- Journal of Rural Development Studies. (2023). *Legal frameworks and institutional strengthening of BUMDes: A national review. JRDS*, 11(2), 143–160. <https://journal.bappenas.go.id/index.php/jpp/article/view/205>