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The Role of Village Government in Community Economic Empowerment Through Village-Owned Enterprises (BUMDes)

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Abstract

Rural economic empowerment requires an active role from the village government in optimizing local potential through the institution known as the Village-Owned Enterprise (BUMDes). This study aims to analyze the role of the Sukamanah Village Government, Rangkasbitung District, in empowering the local economy through its BUMDes, while identifying the factors that support or hinder its operations. A descriptive qualitative research method was employed, utilizing data collection techniques such as in-depth interviews, direct observation, and document analysis. Informants including village government officials, BUMDes management, and local MSME operators were selected via purposive sampling. The findings indicate that the village government has fulfilled its role comprehensively: acting as a regulator (drafting village regulations), a facilitator (providing capital via the Village Fund and infrastructure), and a supervisor (overseeing quarterly accountability). The presence of the BUMDes has successfully stimulated real-sector economic activity and created local employment. Nevertheless, the effectiveness of this empowerment remains suboptimal due to several constraints, including limited human resource capacity among management who tend to maintain an administrative-only mindset weak accounting practices, a lack of product innovation, and a marketing reach that remains limited to the local, conventional level. The study concludes that while the village government's role is structurally well-aligned, governance reform is necessary specifically through intensive management training and the acceleration of digital marketing to enable the BUMDes to achieve sustainable, independent growth.
Keywords: Village Government Role, Economic Empowerment, BUMDes, Sukamanah Village

Introduction

National economic development, rooted in a people-centered approach, now focuses on strengthening rural areas as the primary foundation for the nation's economic stability (Jafar et al., 2026). Villages are no longer viewed merely as passive objects of development; rather, they are positioned as active drivers subjects with full authority to independently manage their own potential (Wardiyanto et al., 2016). This paradigm shift necessitates structural reform at the grassroots level, with fiscal autonomy and poverty alleviation serving as top priorities. By strengthening rural economies, it is hoped that the gap between urban and rural areas can be significantly narrowed (Eko et al., 2014).

In this context, Law Number 6 of 2014 concerning Villages grants village governments substantial legitimacy to regulate and manage their own affairs, including matters of economic development (Nazmudin & Yusup, 2026). The successful implementation of this regulation depends heavily on the capability and commitment of village governments to formulate pro-people policies

(Fauzi, 2017). Village governments must transition from acting merely as bureaucratic administrative bodies to becoming innovative agents of change. Consequently, there is a need for a local economic instrument capable of consolidating all of a village's potential assets and key commodities for the sake of collective well-being (Herdiana, 2020).

As a concrete manifestation of this policy intervention, the establishment of Village-Owned Enterprises (Badan Usaha Milik Desa BUMDes) serves as a primary pillar and a driving force for the economic empowerment of rural communities. BUMDes are not established solely to pursue financial gain (profit-oriented); they also fulfill a social function (social-oriented) by stimulating the emergence of micro, small, and medium-sized enterprises at the local level (Rochim, 2019). The presence of this business entity is projected to break the cycle of community dependency on middlemen, create new employment opportunities, and increase Village-Owned Revenue (PADes) to independently fund local development (Pradana & Fitriyanti, 2019).

However, the existence of a Village-Owned Enterprise (BUMDes) cannot function automatically without active involvement and targeted intervention from the village government. The village government plays a crucial role as a regulator establishing the legal framework a facilitator bridging needs for capital and market access and a mentor overseeing institutional governance (Hailudin, 2021). If the village government remains passive or treats the BUMDes merely as a formality to satisfy program requirements, the enterprise is likely to become dormant and fail to deliver any tangible impact on the local economy. Conversely, overly dominant intervention risks stifling the creativity and professionalism of those managing the enterprise on the ground (Ayuningtyas & Wibawani, 2022).

In practice, there is often a wide gap between ideal regulations and the empirical reality of BUMDes management. Many village-owned enterprises face operational failure due to limited human resource capacity, a lack of product innovation, and low participation from the local community (Goeyardi et al., 2026). Classic issues, such as a lack of financial transparency and weak marketing networks, frequently act as stumbling blocks that hinder the growth of these enterprises. These dilemmas necessitate an in-depth examination of the effectiveness of the village government's leadership and policies in overseeing such empowerment programs (Jafar et al., 2026).

This research focuses specifically on Sukamanah Village, located within the Rangkasbitung District. As a village situated within the district that serves as the seat of the regency government, Sukamanah possesses unique economic characteristics; it benefits from a strategic geographical location while simultaneously maintaining an agrarian-based economy and local enterprises. The Sukamanah Village Government has initiated the establishment of a Village-Owned Enterprise (BUMDes) as a concrete effort to empower the local economy and optimize existing local potential. Despite the promising potential of the area, the management of the BUMDes faces several real-world challenges such as fluctuating commitment among managers, limited access to capital, and a slow adaptation to digital markets which necessitate an in-depth analysis of the interventions and the actual role played by the local village government.

Given these dynamics, it is highly urgent to evaluate the leadership patterns, regulations, and forms of facilitation provided by the village authorities. A comprehensive understanding of the contributions made through village policies will offer a clear picture of an ideal roadmap for economic empowerment. The success or failure of this governance will serve as a reflection of the village's future trajectory toward self-reliance. Therefore, these theoretical and practical urgencies underpin the decision to conduct a scientific study, presented in a research paper titled: The Role of the Village Government in Community Economic Empowerment Through the Village-Owned Enterprise (BUMDes) in Sukamanah Village, Rangkasbitung District.

METHOD

This study employs a qualitative descriptive approach to explore the phenomenon of the village government's role in community economic empowerment through the Village-Owned Enterprise (BUMDes) in a natural and in-depth manner. This method aims to provide a systematic, factual, and accurate overview of policy interventions, challenges, and impacts within the research setting (Yulianah, 2022). Data for this study are categorized into two types: primary data, obtained directly from first-hand sources in the field, and secondary data, derived from official village documents, BUMDes financial reports, and relevant literature. Informants were selected using purposive sampling to ensure that the information gathered came from competent individuals, including the Head of Sukamanah Village, BUMDes management, local micro-entrepreneurs, and representatives of local community leaders.

Data collection techniques used in this study include in-depth interviews, direct field observation, and document analysis. The interviews were conducted in a semi-structured format, guided by an interview protocol designed to elicit a profound understanding from the informants regarding BUMDes governance. Data analysis follows the interactive model developed by Miles and Huberman, which consists of three primary stages: data reduction (selecting and sorting relevant data), data display (presenting data in a systematic narrative format), and drawing conclusions or verification (Rukin, 2019). To ensure the validity and reliability of the collected data, this study employs both source triangulation and technique triangulation, allowing for the cross-validation of data obtained from interviews with other findings. observations as well as documentary evidence in the field.

RESULT AND DISCUSSION

The Role of the Sukamanah Village Government in Economic Empowerment through the Village-Owned Enterprise (BUMDes)

The Role of the Village Government as a Regulator

The Sukamanah Village Government holds primary control in formulating the written policies that provide the operational legality for the BUMDes. This regulatory role is manifested through the drafting of a Village Regulation (Perdes) concerning the Establishment and Governance of the BUMDes, which is ratified in conjunction with the Village Consultative Body (BPD). Through this local regulation,

the village government provides legal certainty to the management, enabling them to oversee village assets without the risk of conflicting with higher-level legal frameworks. These rules also clearly define rights, obligations, and the transparent distribution of business earnings.

Beyond establishing foundational institutional rules, the village government acts as a regulator by integrating BUMDes programs into the village's medium-term (RPJMDes) and annual (RKPDes) development planning documents. This bureaucratic step ensures that the BUMDes' operational focus remains aligned with the long-term vision and mission of village development. Without such regulatory synchronization, the enterprise risks veering off course and failing to concentrate on sectors prioritized for the empowerment of the local community.

The formulation of budgetary regulations serves as another critical instrument employed by the village government. Through the Village Revenue and Expenditure Budget (APBDes), the village government issues formal decisions regarding the amount of initial capital investment and annual capital injections, sourced from the Village Fund. This legally binding budgetary policy ensures that the BUMDes possesses a legitimate financial foundation to commence its operational business activities, thereby stimulating the real economy.

Finally, this regulatory function is implemented through the creation of protective regulations for local business operators within Sukamanah Village. The village government has issued a decree requiring the Village-Owned Enterprise (BUMDes) to prioritize the procurement of local commodities, while prohibiting its business units from undermining existing small-scale enterprises owned by local residents. This protective regulation is crucial to ensure that the BUMDes serves strictly as a catalyst for empowerment, rather than as a new competitor that could jeopardize the livelihoods of small-scale entrepreneurs.

The Village Government's Role as a Facilitator

As a facilitator, the Sukamanah Village Government plays an active role in bridging the limitations faced by both BUMDes management and local micro-entrepreneurs. This role is primarily manifested through the provision of physical infrastructure to support organizational operations. The village government grants or lends assets such as village-owned land, office buildings, and strategically located commercial spaces to serve as operational hubs and integrated marketing outlets for local handicrafts and culinary products.

Beyond providing physical assets, the village government also focuses on enhancing the capacity and quality of human resources. Village officials regularly register and support BUMDes management in participating in training programs covering financial management, modern business governance, and the digital ecosystem. These training sessions are typically organized in collaboration with the Lebak Regency Community and Village Empowerment Agency (DPMD) and academics from local universities.

Furthermore, the village government acts as a facilitator in expanding access to strategic partnerships with third parties outside the village ecosystem. The village head and their staff actively

establish communication channels with banking institutions, private companies through Corporate Social Responsibility (CSR) programs and e-commerce platform providers. This external networking is intended to unlock additional investment opportunities and broaden market reach, which would otherwise be difficult for BUMDes managers to access independently. At the grassroots level, the village government facilitates connections between the Village-Owned Enterprise (BUMDes) and micro, small, and medium-sized enterprises (MSMEs) managed by the residents of Sukamanah. The village government provides a coordination platform, allowing products from residents' home-based industries to be consolidated and packaged more effectively under the auspices of the BUMDes. This facilitation role is instrumental in addressing classic challenges faced by small-scale business owners, such as uncertain product distribution channels and unstable market prices.

The Role of the Village Government as Supervisor

The supervisory function falls directly under the responsibility of the Head of Sukamanah Village, who, ex-officio, serves as a Commissioner or Advisor to the Village-Owned Enterprise (BUMDes). This supervisory role is exercised through strict yet constructive oversight of the daily performance of the enterprise's management. The Village Head regularly leads quarterly evaluation meetings to review business progress, assess the achievement of targets, and address operational challenges encountered by the management team in the field.

This supervision also encompasses the enforcement of administrative discipline and the promotion of transparency in institutional financial reporting. The village government mandates that the BUMDes management submit an accurate financial accountability report at the end of each fiscal year, which is then presented to the community through the Village Deliberation forum (Musyawarah Desa). An internal audit process, facilitated by the village government, ensures that financial management remains accountable and free from the abuse of authority.

Beyond administrative oversight, the village government provides moral guidance and professional motivation to the management team, ensuring they remain aligned with their social mission. As the supervisor, the Village Head consistently emphasizes that the success of the BUMDes is not measured solely by the net profit contributed to the village treasury, but also by its impact on reducing local unemployment. This guidance is essential for maintaining a balance between a business orientation (profit) and a commitment to social welfare (people).

Finally, the supervisory role proves crucial when internal organizational conflicts or disputes of interest arise. The village government acts as a neutral mediator, resolving friction—whether stemming from sectoral egos among the management team or conflicts between the BUMDes management and members of the local community. Through a persuasive approach and prudent guidance, the village government is able to mitigate conflicts, thereby ensuring that the business climate in Sukamanah Village remains stable and conducive..

Supporting and Hindering Factors in the Management of the Sukamanah Village-Owned Enterprise (BUMDes)

The sustainability and effectiveness of the Sukamanah Village Government's role in overseeing the operations of its Village-Owned Enterprise (BUMDes) do not exist in a vacuum. In practice, various internal and external dynamics intertwine, influencing the acceleration of these economic empowerment programs. Broadly speaking, these factors fall into two main categories: supporting factors, which act as catalysts for business growth, and hindering factors structural challenges or residual issues that the village government and the enterprise's management team must address and resolve.

The primary supporting factor and perhaps the most crucial asset for the Sukamanah Village BUMDes is the consistent, high-level budgetary commitment from the local village government. Capital stimulus, sourced from the Village Fund (Dana Desa), is allocated periodically each fiscal year through the legally ratified Village Budget (APBDes). This stable and legally secured capital provides the management team with sufficient flexibility to design and develop real-sector business units, without the constant fear of running out of liquidity during the initial stages of operation.

Beyond financial backing, the geographical location of Sukamanah Village within the Rangkasbitung District offers a distinct spatial advantage, serving as a highly strategic external supporting factor. Its proximity to the administrative and economic hubs of Lebak Regency facilitates the movement of goods, services, and communication. This closeness significantly reduces logistics and distribution costs, while also enabling the management team to coordinate directly with relevant government agencies at the regency level.

Sociological support from the local community serves as another vital pillar, bolstering the business activities of the Sukamanah BUMDes. Micro, Small, and Medium Enterprises (MSMEs) and home-based industries in this village demonstrate a high level of active participation and enthusiasm in utilizing the BUMDes (Village-Owned Enterprise) outlet. Residents voluntarily consolidate and consign various processed food products, handicrafts, and agricultural commodities to be marketed under the unified management of the BUMDes, thereby strengthening the internal supply chain of the village's commercial activities.

Another contributing factor is the harmonious institutional relationship between the Village Government, the Village Consultative Body (BPD), and the BUMDes management itself. The absence of significant political conflict among the village elite fosters a stable business climate, which is conducive to making swift and accurate business decisions. Mutual trust and a shared vision among these stakeholders facilitate the evaluation of performance targets and streamline the bureaucratic processes for disbursing aid or approving new business expansions.

Conversely, the progress of the BUMDes in Sukamanah Village is hindered by several latent obstacles, the most critical of which is the limited quality and capacity of its human resources. The management structure is largely composed of individuals without a professional business background or village officials who hold concurrent roles. Consequently, the prevailing management mindset tends

to be rigid characterized by a bureaucratic, government-style administrative approach and lacks the competitive entrepreneurial instinct required for success.

This limited human resource capacity is directly linked to another obstacle: the absence of a robust, digital-based standard accounting and financial reporting system. The management of the Sukamanah BUMDes continues to rely on conventional bookkeeping methods, which are prone to inaccuracies and delays in data updates. These weaknesses in financial governance make it difficult for business entities to undergo transparent independent audits, and also hinder their ability to accurately analyze the profitability ratios of their business units.

A lack of innovation and product diversification acts as a constraint on the growth of business units under the Village-Owned Enterprise (BUMDes) in Sukamanah Village. The business units developed thus far remain confined to conventional, passive sectors such as renting out physical commercial spaces or operating standard digital bill-payment counters. The management has yet to venture into creative business sectors or transform local raw agricultural commodities into value-added products with broader market appeal.

Another significant obstacle is the limited marketing reach, which remains localized and has yet to be integrated into the global digital marketplace ecosystem. The flagship products supplied by villagers and managed by the BUMDes rely on face-to-face transactions at physical outlets; consequently, sales volume is entirely dependent on foot traffic from local buyers within the Rangkasbitung area. This slow adoption of digital marketing technologies has left the BUMDes at a competitive disadvantage against similar products from outside the region.

Ultimately, the interplay between these supporting and hindering factors necessitates a more tactical approach from the Sukamanah Village Government in formulating future balancing strategies. Even with strong capital, a strategic location, and robust social support from the community, the BUMDes will fail to generate optimal Village-Owned Revenue (PADes) unless internal challenges specifically the limited competence of the management team and a struggle to adapt to new technologies are addressed structurally through intensive and sustained capacity-building programs.

CONCLUSION

This study concludes that the Village Government of Sukamanah, Rangkasbitung District, has played a crucial role in the economic empowerment of the community by optimizing its three primary functions: as a regulator, a facilitator, and a mentor. As a regulator, the village government has successfully established a legal framework through Village Regulations (Perdes), providing a solid operational foundation for the Village-Owned Enterprise (BUMDes). In its capacity as a facilitator, the government has provided capital injections from the Village Fund and developed physical infrastructure. Meanwhile, its role as a mentor has been consistently carried out through quarterly coordination meetings and the oversight of annual financial reports, ensuring that the BUMDes maintains its social-oriented mission.

Although the village government's policy interventions have been implemented with strong commitment, the management of the BUMDes faces structural dilemmas stemming from a conflict between supporting and hindering factors. Despite advantages such as stable capital, a strategic geographic location in the district center, and high enthusiasm among local micro, small, and medium-sized enterprise (MSME) operators, these assets have not been fully leveraged. Business expansion has been constrained by latent internal issues, including limited human resource capacity characterized by an administrative, bureaucratic mindset weak financial bookkeeping (lacking modern accounting standards), a lack of product diversification, and slow adoption of digital marketing technologies.

In essence, while the Sukamanah Village Government's efforts to empower the local economy through the BUMDes are administratively on the right track, the enterprise has yet to achieve the level of self-sufficiency required to be economically competitive. Although the BUMDes' business activities have successfully stimulated the real sector and created new employment opportunities for local residents, its contribution to the Village's Own-Source Revenue (PADes) remains suboptimal. Therefore, the sustainability of this economic empowerment hinges significantly on the village government's willingness to undertake structural reforms shifting from a mere provider of capital stimulus to a driving force for the modernization of business governance, making it both professional and digital-based.

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