



The Role of Village-Owned Enterprises (BUMDES) in Improving the Economy of Village Communities in the Field of Micro Enterprises in Sindanglaut Village, Carita District, Pandeglang Regency

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Abstract

This study aims to analyze the role of the Village-Owned Enterprise (BUMDes) in improving the village community's economy, particularly in the microenterprise sector of Sindanglaut Village, Carita District, Pandeglang Regency. This research employs a descriptive qualitative approach with data collected through observation, interviews, and documentation. The findings indicate that BUMDes Sindanglaut has played an essential role in promoting local economic growth through several business units. However, several challenges persist, including limited business capital, insufficient human resource capacity, low community participation, and a lack of awareness regarding the importance and benefits of BUMDes. Consequently, some business units, such as the savings and loan unit, have become inactive. On the other hand, three business units—event equipment rental, agricultural and plantation product trading—remain active and contribute positively to the local economy. The sustainability of these units is supported by government assistance, abundant natural resources, and private sector collaboration. To address the existing obstacles, this study suggests implementing training and socialization programs for both BUMDes managers and community members to enhance skills and participation. Strengthening human resources and collective involvement are crucial for ensuring the success and sustainability of BUMDes as a driver of rural economic empowerment.

Keywords: *BUMDes, microenterprise, community empowerment, rural economy*

I. Introduction

Villages are the smallest government units that have a strategic role in supporting national development. As the entity closest to the community, the village has the authority to regulate and take care of the interests of the local community based on the rights of origin and traditions recognized in the system of government of the Unitary State of the Republic of Indonesia (Law No. 6 of 2014 concerning Villages). Villages not only function as government implementers, but also as a driving force for development and community empowerment through the management of local potential to realize socio-economic welfare.

In the context of rural economic development, Village-Owned Enterprises (BUMDes) are one of the important instruments in increasing the independence and economic growth of village communities. BUMDes is designed to be an economic institution managed by the community and the village government with the principles of togetherness, professionalism, and oriented towards the utilization of local potential. As a community-based economic institution, BUMDes functions to accommodate various economic activities of village communities to be more productive, efficient, and sustainable. Through BUMDes, villages are expected to reduce dependence on external parties and expand employment opportunities for their residents.

The existence of BUMDes has a strong legal basis as stated in Law Number 6 of 2014 concerning Villages, as well as Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration Number 4 of 2015 concerning the Establishment, Management, Management, and Dissolution of BUMDes.

BUMDes is expected to be the driving force of the local economy that is able to create added value for the community through the management of natural resources and village potential independently and sustainably.

However, in practice, not all BUMDes are able to develop optimally. Problems that often arise include limited business capital, low capacity of human resources (HR), weak community participation, and lack of understanding of professional village business governance. This condition is also found in BUMDes in Sindanglaut Village, Carita District, Pandeglang Regency, which despite having abundant natural potential—especially in the agriculture, plantation, and marine tourism sectors—the management of BUMDes has not shown significant progress.

Sindanglaut Village is geographically located in the strategic coastal area of Carita tourism which is rich in natural resources. This potential should be the main capital in developing productive business units. However, the facts on the ground show that there are still inactive business units, such as savings and loan units, due to managerial constraints and low levels of community participation. However, there are three business units that are still operating well, namely celebration equipment rental services, buying and selling agricultural products, and trading plantation products. These three sectors are the basis of village economic activities and play an important role in increasing community income.

To optimize the role of BUMDes, synergy is needed between the village government, BUMDes administrators, and the community. Efforts to increase capacity through training, mentoring, and socialization on the importance of community participation are key factors for success. Support from the local government and the private sector is also very important in strengthening the institution and sustainability of village businesses.

Based on this background, this study aims to analyze the role of BUMDes in improving the economy of the people of Sindanglaut Village in the field of micro businesses, as well as identify supporting and inhibiting factors that affect their management. Through this study, it is hoped that a strategy can be found to strengthen the institution of BUMDes so that it can function optimally as an instrument for economic empowerment of village communities.

Literature Review

The Concept of Village Government and Local Economic Development

Villages are the smallest government units that have autonomous authority in regulating and managing the interests of the local community. Based on Law Number 6 of 2014 concerning Villages, villages are recognized as a legal community unit that has the right to organize government and development affairs based on community initiatives, rights of origin, and socio-cultural values living in the community. In the context of national development, villages play an important role as a base for economic growth and a center for community empowerment.

Local economic development at the village level is oriented towards improving community welfare through the use of natural and human resource potential. The village government plays a role as a facilitator, regulator, and motivator in encouraging community participation to manage their potential productively. This is in line with the view of Anggraeni (2016) that village development is not only physical, but also includes the development of human resources and economic institutions that are independent and sustainable.

Village-Owned Enterprises (BUMDes) as an Instrument of Economic Empowerment

BUMDes is an economic institutional innovation at the village level designed to increase the village's original income and strengthen the community's economy through local potential-based businesses. According to Seyadi (2013), BUMDes function as a means of development and development of the economic capabilities of village communities which basically aims to improve social and economic welfare. BUMDes differ from conventional economic institutions because they are run based on the principles of kinship, mutual cooperation, and participatory principles.

BUMDes is also regulated in Article 87 of Law Number 6 of 2014, which emphasizes that villages can establish BUMDes that are managed with the spirit of togetherness and mutual cooperation. Through BUMDes, community economic activities can be organized professionally while maintaining the social values that apply in

the village. Business units run by BUMDes usually include the service, trade, agriculture, and savings and loan sectors, according to the needs and potential of the village.

According to the Minister of Villages and Rural Development Number 4 of 2015, BUMDes activities can be classified into four types of businesses, namely: (1) public service businesses, such as the provision of clean water and village electricity; (2) rental businesses, such as rental of party equipment or transportation; (3) intermediary businesses, such as electricity payment services and village markets; and (4) trading businesses, including buying and selling agricultural products and local village products. Through this business diversification, BUMDes is expected to be able to become the driving force of the village economy.

Principles and Governance of BUMDes

In order for BUMDes to function optimally, their management must be based on the principles of cooperative, participatory, transparent, accountable, emancipative, and sustainable (PKSP Universitas Brawijaya, 2017).

- Cooperative means that all parties involved must be able to work together for business development.
- Participatory emphasizes the importance of voluntary community involvement in supporting BUMDes activities.
- Transparency and accountability means that every business activity must be accountable openly to the village community.
- Sustainability (sustainable) means that the economic activities carried out must provide long-term benefits to the village.

In addition, the management of BUMDes requires competent human resource support, careful business planning, and an orderly financial reporting system. According to Abdul (2019), if managed properly, BUMDes can play a role from upstream to downstream—starting from distributing government subsidies, managing food barns, to becoming a liaison between producers and markets. The success of BUMDes management is highly dependent on the capacity of management, government support, and the level of community participation.

Factors Affecting the Success of BUMDes

Several previous studies have shown that the success of BUMDes is greatly influenced by internal and external factors. Internal factors include management competence, business management, and community participation. Meanwhile, external factors include government policy support, access to capital, and market availability. Riska (2020) found that BUMDes that have full support from the village government and the community tend to be more stable in increasing community income. On the contrary, Gunawan (2022) emphasized that the lack of supervision and evaluation from the village caused many BUMDes to not function effectively.

In the context of Sindanglaut Village, the inhibiting factors found include lack of business capital, low human resource capacity, and weak public understanding of the benefits of BUMDes. This has an impact on the decline in the productivity of several business units such as savings and loan cooperatives. However, support from local governments, abundant natural resource potential, and partnerships with the private sector are the main supporting factors that allow several business units such as party equipment rental and agricultural product trade to continue.

The Role of BUMDes in Improving the Village Economy

BUMDes play a role as a driver of the local economy through various forms of business activities that provide direct benefits to the community. According to Junaidi (2018), the strategic role of BUMDes is not only in economic aspects, but also social, namely creating jobs, reducing poverty, and strengthening the social solidarity of rural communities. In the context of microeconomic empowerment, BUMDes is a forum that accommodates the potential of village communities in the form of productive businesses, thereby increasing the competitiveness of the local economy.

BUMDes of Sindanglaut Village has an important role in accommodating agricultural products, providing access to capital, and opening business opportunities through local rental and trade activities. Although they still face institutional and managerial challenges, the existence of BUMDes remains the foundation in building an independent and sustainable village economy.

II. Research Methods

Approaches and Types of Research

This study uses a qualitative approach with a descriptive method. The qualitative approach was chosen because this research aims to understand social phenomena in depth through the depiction of the actual conditions, views, and experiences of informants in the field. The descriptive method is used to provide a systematic, factual, and accurate picture of the role of Village-Owned Enterprises (BUMDes) in improving the economy of village communities, especially in the field of micro businesses in Sindanglaut Village, Carita District, Pandeglang Regency.

The qualitative approach is considered the most appropriate because the focus of this research is to examine social dynamics, community participation, and management of BUMDes management that cannot be measured numerically. According to Moleong (2016), qualitative research aims to understand the meaning behind social actions through the process of interpretation, not just quantitative measurement. Therefore, the researcher seeks to dig into in-depth information about how BUMDes play a role in strengthening the local economy and the factors that affect its effectiveness.

Research Location and Time

The research was carried out in Sindanglaut Village, Carita District, Pandeglang Regency, Banten Province, which was chosen purposively because it has the characteristics of a coastal village with the potential for natural resources for agriculture, plantations, and tourism. BUMDes Sindanglaut has several business units, including savings and loans, trading of agricultural products, and renting party equipment. Despite having great potential, some business units are experiencing operational constraints, so this location is relevant to comprehensively examine the roles and challenges of BUMDes.

The research was conducted for two months, from May to July 2025, including the initial observation stage, data collection, and verification of interview results.

Data Sources and Types

The data sources in this study consist of primary data and secondary data.

- Primary data was obtained directly from the results of in-depth interviews and field observations of BUMDes administrators, village government officials, and local communities involved in village economic activities.
- Secondary data was obtained from supporting documents such as BUMDes financial statements, village administration archives, village regulations on BUMDes, as well as references from books, scientific journals, and official government websites such as kemendes.go.id and binapemdes.kemendagri.go.id.

The combination of these two types of data is used to obtain a complete picture of the role of BUMDes in improving the community's economy.

Informant Determination Techniques

The determination of informants is carried out by purposive sampling technique, which is the selection of research subjects based on certain considerations that are considered to know in depth the problems being researched. The main informants consist of:

- The Head of Sindanglaut Village, as the person in charge of the BUMDes management policy.
- The chairman and management of BUMDes, who understand firsthand the operational mechanisms and obstacles in the field.
- People who are members or beneficiaries of BUMDes business units.
- Community leaders or representatives of farmer groups and micro business actors involved in village economic activities.

The number of informants is adjusted until the data reaches *saturation*, which is when the information obtained has been repeated and there are no significant new findings.

Data Collection Techniques

Data is collected through three main methods, namely:

- Direct observation is used to observe the activities of BUMDes and the economic conditions of the village community factually. The researcher recorded the interaction between BUMDes administrators and the community, as well as assessed the performance of business units that are still running.
- In-depth interviews are conducted in a semi-structured manner so that researchers can explore the informant's views freely but still focus on the research objectives. This interview was conducted with BUMDes administrators, village governments, and the community to understand their perceptions of the benefits and obstacles faced.
- Documentation, including the collection of written data such as activity reports, village regulations, meeting minutes, photos of activities, and other supporting documents relevant to the management of BUMDes.

These three techniques complement each other to ensure the accuracy and depth of the information obtained.

Data Analysis Techniques

Data analysis is carried out inductively, namely by organizing data from the results of interviews, observations, and documentation to then be interpreted according to the research context. The analysis process follows the model of Miles and Huberman (1994) which includes three stages:

- Data reduction, which is selecting, simplifying, and organizing raw data to focus on information relevant to the research objective.
- The presentation of data (*data display*) is carried out in the form of narrative descriptions, tables, and interview excerpts that describe field phenomena clearly.
- Drawing conclusions and verification, which is the process of interpreting the findings and relating them to the theories that have been discussed in the literature review.

This analysis is carried out continuously from the beginning of data collection to the final stage of the research to ensure valid and consistent results.

Data Validity

To ensure the validity of the research results, the triangulation technique of sources and methods is used. Source triangulation is carried out by comparing information obtained from various informants, while method triangulation is carried out by combining observation, interviews, and documentation results. In addition, the researcher also conducts a member check, which is to reconfirm the findings to the informant so that the data obtained is in accordance with the reality in the field.

III. Results and Discussion

Overview of BUMDes in Sindanglaut Village

Sindanglaut Village is located in Carita District, Pandeglang Regency, Banten Province, and is included in areas that have quite high economic potential in the agriculture, plantation, and event equipment rental sectors. To optimize this potential, the village government established the Sindanglaut Village-Owned Enterprises (BUMDes) as an economic institution managed by the village community with the aim of increasing the village's original income and community welfare.

BUMDes Sindanglaut has several business units, including: (1) savings and loan units, (2) trading of agricultural and plantation products, and (3) tent rental services and celebration equipment. Of the three units, only two are still actively operating, while the savings and loan units have stagnated due to limited capital and low loan repayment rates from the community. However, BUMDes still play an important role in supporting the economic activities of the village community.

The Role of BUMDes in Improving the Village Economy

Based on the results of interviews and observations, the role of BUMDes Sindanglaut can be identified in several main aspects:

- As a provider of employment and an additional source of income. Agricultural product trading activities and tent rental services involve the surrounding community as daily workers and small business actors, so as to be able to increase household income.
- As a driver of the local economy. BUMDes helps farmers in marketing crops such as bananas, bells, and vegetables at more stable prices, while reducing dependence on middlemen.
- As a village socio-economic institution. In addition to being profit-oriented, BUMDes also play a role in social activities, such as helping to provide village community event facilities at affordable costs.
- As a forum for community participation. Although the level of community participation is still low, the existence of BUMDes provides space for residents to be involved in decision-making, business management, and implementation of village economic activities.

This finding is in line with the opinion of Seyadi (2013) who stated that BUMDes functions as a means of strengthening the economy of village communities through productive activities based on local potential.

Supporting Factors for the Success of BUMDes

The sustainability of the three business units that are still active is inseparable from the existence of internal and external support.

- From the internal side, the management of BUMDes shows a good commitment to maintaining village economic activities even with limited resources. In addition, the existence of abundant natural resources, such as agricultural products and plantations, is the main factor that supports business activities.
- From the external side, the village government provides support through initial capital participation from village funds and business licensing facilitation. The local government also provides assistance in the form of simple financial management and administration training for BUMDes administrators.

In addition, cooperation with the private sector in the form of trade partnerships also helps to expand the marketing network of local products. This cross-sector support strengthens the resilience of Sindanglaut BUMDes to continue operating in the midst of various obstacles.

Obstacles in the Management of BUMDes

Despite having shown positive contributions, the management of Sindanglaut BUMDes still faces several significant obstacles, including:

- Limited Business Capital. The capital sourced from village funds is not enough to develop all business units. As a result, some economic activities cannot run optimally, especially savings and loan units that experience a shortage of funds due to bad loans.
- Low Quality of Human Resources (HR). Most BUMDes administrators do not have a background in entrepreneurship or business management. This condition has an impact on weak financial recording and business planning.
- Lack of Community Participation. The results of the interviews show that some people do not understand the benefits of the existence of BUMDes. As a result, support for business activities is still limited, both in terms of capital and labor participation.
- Legality and Administration Aspects. BUMDes do not fully have the necessary administrative completeness and legal legality, making it difficult to cooperate with external parties.

These obstacles were also found in similar studies by Riska (2020) and Gunawan (2022), which emphasized that weak management and community participation are the main factors that hinder the success of BUMDes in various regions.

Strengthening Efforts and Development Solutions

To overcome these obstacles, several strategic steps have been taken by the village government together with the management of BUMDes, including:

- Increasing the capacity of BUMDes administrators through business management training, simple accounting, and administrative digitalization facilitated by local governments.
- Socialization to the community about the importance of active participation in the management of BUMDes as an effort to build a *sense of belonging*.
- Diversify business units so that they do not depend on one sector. For example, the development of new businesses based on local potential such as processed agricultural products and village tourism.
- Partnerships with the private sector and microfinance institutions to expand access to capital and marketing.

The implementation of these measures is expected to improve management professionalism, expand business scale, and create a more equitable economic impact for the village community.

Implications for the Community Economy

In general, the existence of BUMDes Sindanglaut has had a positive impact on improving the community's economy. Based on the results of observations and interviews, some people feel benefits in the form of increased income, easy access to capital, and the opening of job opportunities at the local level. Although its contribution has not been maximized, BUMDes plays a role as a driver of the village economy and a forum for community empowerment.

In the future, strengthening governance, increasing human resource capacity, and sustainable policy support from the government are the keys to optimizing the role of BUMDes as an instrument of community-based economic development.

IV. Conclusions and Suggestions

Conclusion

Based on the results of research on the role of Village-Owned Enterprises (BUMDes) in improving the community's economy in the micro business sector in Sindanglaut Village, Carita District, Pandeglang Regency, it can be concluded that BUMDes play a significant role in encouraging the economic activities of village communities, although they still face various structural and managerial limitations. The existence of Sindanglaut BUMDes has made a positive contribution through job openings, increasing community income, and strengthening economic activities based on local potential.

BUMDes Sindanglaut runs several business units such as trading agricultural and plantation products, as well as rental services for celebration equipment. The two units are still operating and are an additional source of income for the villagers. However, the savings and loan business unit is no longer active due to limited capital and low repayment rates of public loans. This condition shows that the role of BUMDes has not been optimal in driving all the economic potential of the village.

The main inhibiting factors in the management of BUMDes include limited business capital, low quality of human resources (HR), lack of community participation, and weak aspects of legality and administration. On the other hand, there are supporting factors such as the support of the village government, the potential for abundant natural resources, and cooperation with the private sector. This support is the foundation for the development of BUMDes in a more productive and sustainable direction.

Overall, BUMDes Sindanglaut has shown a strategic role in improving the welfare of the village community, although institutional strengthening, capacity building of administrators, and optimizing community participation are still needed so that the economic and social functions of BUMDes can run more effectively.

Suggestions

In order for the Sindanglaut BUMDes to function more optimally, several strategic steps are needed as follows:

1. Increasing the capacity of BUMDes administrators through business management training, simple accounting, and entrepreneurial innovation facilitated by local governments.

2. Socialization and education to the public about the benefits and importance of active participation in BUMDes, so as to create a sense of belonging and sustainable support.
3. Strengthening capital and business partnerships, both with microfinance institutions, local governments, and the private sector, to expand access to capital and marketing networks.
4. Diversification of business units based on local potential such as the development of processed agricultural products, ecotourism, or village digital businesses to expand sources of income.
5. Improving governance and institutional legality so that BUMDes have clear legal force and are able to establish cross-sector cooperation.

Through the implementation of these measures, BUMDes is expected to become the main driving force for sustainable village economic development and make a real contribution to improving the welfare of the people of Sindanglaut.

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