

The Role of Village-Owned Enterprises (BUMDes) in Improving the Community Economy (Case Study in Botumoputi Village, Tibawa District, Gorontalo Regency)

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Abstract : Village-Owned Enterprises (BUMDes) are expected to become strategic institutions for strengthening rural economies through the utilization of local resources. However, many BUMDes in Indonesia have not yet operated optimally due to governance limitations, weak community participation, and inadequate business development. This study aims to analyze the role of BUMDes in improving the local economy and to identify the factors influencing its effectiveness in Botumoputi Village, Tibawa District, Gorontalo Regency. The research employed a qualitative descriptive approach. Data were collected through in-depth interviews with village officials, BUMDes managers, and community members, supported by observation and document analysis. The findings reveal that BUMDes Botumoputi contributes significantly to improving the community's economy by providing affordable agricultural production inputs, supporting the marketing of agricultural products, creating employment opportunities, and contributing to Village Original Revenue (PADes). The effectiveness of BUMDes is influenced by village government support, local resource potential, transparent and accountable management, community participation, and the managerial capacity of BUMDes administrators. Nevertheless, dependence on the agricultural sector exposes BUMDes to production risks, particularly crop failure, which may affect business sustainability. This study highlights that strengthening institutional governance and diversifying business units are essential strategies for enhancing the sustainability of BUMDes as a driver of inclusive and independent rural economic development.

Keywords : Village-owned enterprise; rural economic development; community empowerment; local resource management; Village Governance

INTRODUCTION

Efforts to improve the welfare of the community in a sustainable manner require concrete steps from the Government of Indonesia, one of which is through the establishment of Village-Owned Enterprises (BUMDes) as financial and business institutions

at the site level. This institution was established based on the needs and potential of the village with the main goal of strengthening the village economy, providing credit loans for people who need business capital, and establishing strategic business units. The establishment of BUMDes was initially projected in order to increase

Village Original Income (Law Number 32 of 2004 concerning Regional Government).

Historically, the reference to old regulations regarding local governance has proven crucial in providing the legal foundation for the development of rural assets in the past (Yusdianto, 2022). The existence of this institution has a great contribution to increasing village income and meeting the basic needs of the village, where its role is seen as a source of income increase funds whose benefits must be felt by the community as a whole (Ramadhana, et al., 2013).

This institutional strengthening leads to independent village development so that it does not depend only on the budget and government assistance. The establishment and management of BUMDes as a business entity based on the spirit of kinship and mutual cooperation to run a business in the economic and public service sectors has a strong legal basis (Law Number 6 of 2014 concerning Villages Articles 87-90). This legal provision is also a guarantee of formal juridical protection for village policy makers in executing empowerment programs (Rondonuwu, 2025).

Although rural communities play a crucial role in the social structure in Indonesia, the reality shows that many people still face complex economic challenges such as unemployment and limited access to markets. In fact, Indonesia has very abundant natural resources that can be optimized by the community to boost their economy and welfare. The level of well-being of a society globally is

measured using the Human Development Index (HDI) which consists of essential components in the form of education, health, and the economy (United Nations Development Program / UNDP).

In this regard, village development is the foundation of national development, because if each village is able to be independent in the development process, then community prosperity will be easier to achieve locally and nationally in order to increase the prosperity index of the Indonesian people. The purpose of village development itself is focused on improving the welfare of the village community, the quality of human life, and poverty alleviation (Law Number 6 of 2014). The regulation also suggests the ownership of independent business entities to meet the primary needs of the community and manage the availability of labor and village potential as the main asset of economic growth. Orderly administrative arrangement through the village financial information system is also a crucial aspect in ensuring the accountability of this development (Telaumbanua, et al., 2022).

Rural communities in Indonesia actually have great potential in local economic development, but their mobility is often constrained by limited access to resources and markets. BUMDes is present as an inclusive and sustainable solution to facilitate the economic empowerment of village communities, maintain the sustainability of local culture, and improve social welfare at the village level in the face of globalization and modernization. Through this

instrument, the community can utilize the potential of nature, human resources, and local wisdom to create superior products that are able to compete in regional and national markets (Anggraini, et al., 2024).

The development of BUMDes is not only related to financial aspects, but also involves social dimensions, strengthening organizational capacity, and the environment, so that people can be directly involved in economic decision-making for the creation of equitable and inclusive development (Hasanah, 2022). The economic resilience of local residents has been proven to increase in line with the increasing role of BUMDes in spurring regional commodity productivity (Hasyim, et al., 2021). Especially in the era of digitalization and the industrial revolution 4.0, BUMDes are required to continue to innovate and adapt to technological developments in order to expand market reach, increase production efficiency, and create added value, with synergistic support from local governments, financial institutions, universities, and other related parties as a catalyst for development (Wilujeng, 2023).

Good organizational governance has been established by the government so that this organization can run well and has a number of very important organizational tools ranging from village deliberations to supervisors (Government Regulation Number 11 of 2021). BUMDes is a village-formed business entity with the status of an official legal entity recognized by the state with the aim of managing local economic potential through profitable business

activities, providing services, developing investments, and utilizing village assets.

The determination of the institutional structure or organizational apparatus of BUMDes is very important in order to be able to carry out its role in the development and empowerment of village communities (Government Regulation Number 11 of 2021). The organizational structure of BUMDes consists of four main levels which include the Village Deliberation as the holder of the highest power, Advisors who are usually held by the Village Head, Operational Executors such as Directors, Secretaries, Treasurers, and business units, as well as the Supervisory Board. Internal reforms and changes in the discourse of leadership tenure in the village also affect the stability of the policy direction of the management of village-owned enterprises (Atmaja & Adam, 2023).

Therefore, the synergy of the division of labor in the village organizational structure in Indonesia must continue to be studied so that it is adaptive to the challenges of the times (Sandika, et al., 2024). The establishment of this standard institutional structure is very important so that BUMDes are able to carry out their role in the development and preservation of traditional culture and heritage, so that they can be a means of maintaining local wisdom in the production of goods and services that strengthen cultural identity while increasing the selling value of products in the market.

However, the idealism of economic function is faced with contradictory realities at

the field level, as happened in Botumoputi Village, Tibawa District, Gorontalo Regency which has formed BUMDes since 2017. The dynamics of BUMDes budget capital participation in Botumoputi Village noted that in 2017 capital was allocated 45 million rupiah, which then increased to 200 million rupiah in 2018, but experienced a vacuum without capital disbursement throughout 2019 to 2024, until finally getting capital of 183 million rupiah again in 2025. Apart from the village funds that have been disbursed, the management of BUMDes until now is considered to have not run effectively and its activities have not been clearly seen. The fundamental problems found in the field include limited governance due to lack of management professionalism, the absence of a good administrative system, and weak business planning. This is exacerbated by the lack of mature policy direction formulation at the village level (Surbakti, et al., 2022). In addition, there are obstacles in terms of marketing due to the lack of market access and effective distribution networks, as well as the lack of business innovation so that managers have not been able to fully utilize the local potential of the village, both in the fields of agriculture, plantations, and other superior products. The phenomenon of this business unit jamming hinders the target of increasing the village's original income and the community's welfare aspired to (Ismowati, et al., 2022).

To overcome the complexity of these operational obstacles, an integrated joint strategy is needed from the village government,

community, and relevant stakeholders (Adnan, 2021). The first step that must be taken is to increase management capacity through training and mentoring for BUMDes managers in order to improve business professionalism. The second step is the implementation of a strict transparency and accountability system in financial management and reporting to restore public trust (Samjulaifi, et al., 2022).

The third step is focused on expanding access to easier and more diverse sources of capital through partnerships with financial institutions or assistance programs. The fourth step focuses on human resource development through skills training and entrepreneurship education to boost citizens' economic independence (Susilowati, 2020). Through the presence of these improved BUMDes, it is hoped that institutional orientation will not only be fixated on the final results, but will be able to encourage the formation of social democracy, increase community capacity and interest in a sustainable manner, foster economic innovation, create new jobs, create regional products, and provide optimal public services (Nurdiyanti & Hailuddin, 2021).

The real positive impact of the existence of this business entity can only be realized if the welfare of the community has experienced a measurable increase (Arindhawati, 2020). The final result of this arrangement must also be aligned with the corridor of public benefit values to ensure its sustainability (Heriyansyah, 2025). This entire series of governance analysis, opportunity utilization, and economic decision-

making processes is ultimately aimed at strengthening a deep understanding of the phenomenon being studied and producing strong conclusions (Rohmah & Supriyanto, 2022).

Based on this urgency, this study is focused on analyzing the demographic and geographical characteristics of the region, as well as in-depth analysis of the role of Village-Owned Enterprises (BUMDes) in improving the community's economy through a case study in Botumoputi Village, Tibawa District, Gorontalo Regency.

METHODS

This study uses a qualitative method with a case study approach to explore in depth how the role of Village-Owned Enterprises (BUMDes) in improving the community's economy in Botumoputi Village. Through this method, the investigation process is carried out intensively and thoroughly regarding the phenomena that are happening in the field through analytical reflection on documents and evidence presented descriptively or through direct excerpts of interview results. In this case study approach, the researcher acts as the main instrument in data collection supported by additional instruments such as interview and observation guidelines. At the research site, the researcher carried out a dual role as a participant as well as an observer. The presence of the researcher recognized by the informant facilitates the observation process more efficiently and naturally because the researcher

participates in the same experience as the research subject. The data that has been collected independently by researchers in the field will then be critically analyzed to dissect the dynamics and real contribution of BUMDes to the welfare of the local economy.

The data in this study is classified into two main categories, namely primary data and secondary data. Primary data sources were obtained directly from first-hand in the field through in-depth interviews with key stakeholders, which include Village Heads, Village Officials, BUMDes Managers, and representatives of the Botumoputi Village Community. Meanwhile, secondary data serves as a support that is obtained indirectly through the study of documents, scientific literature, books, and related reports. To collect the data comprehensively, the researcher applied three integrated data collection techniques which included observation, interviews, and documentation. Observation is carried out through direct and indirect observation and recording of economic phenomena and activities of BUMDes in the field. Interviews were conducted through structured face-to-face conversations with informants to explore specific information related to the role of BUMDes. Meanwhile, the documentation technique is applied by collecting written data on environmental conditions, geographical location, education level, religious profile, and rural historical records to test, interpret, and complete the results of interviews and

observations in order to have a higher level of trust.

The data analysis process in this study is carried out interactively and continuously from before entering the field, during data collection, until all the data needed are fulfilled through the principle of cross-checking. This data analysis activity includes four interrelated stages, starting from data collection to collect all interview results, observation notes, and written documents in the field. Next, data reduction is carried out, which is the process of summarizing, selecting, and focusing data on important matters relevant to the subject matter of the village economic problem, and then compiling it systematically. The next stage is the presentation of data, where the data that has been reduced is arranged into a narrative descriptive description so that it is easy to understand and not boring. Finally, conclusions were drawn and verified by formulating initial conclusions that were still temporary, then verifying them again by checking the suitability of field data in order to maintain the objectivity of the research results. In order to ensure the quality of the analysis results, the validity of the data is checked through a credibility test by extending the research time, conducting continuous detailed observations, peer discussions, and negative case analysis. In addition, the validity aspect is also fulfilled through a diversion test so that the study results can be applied to similar social contexts, a dependency test to see the consistency of the data conceptualization process, and a certainty

test to confirm that the interpretation made is purely sourced from field data without subjective bias.

Operationally, the implementation of this research is carried out through three structured stages that are mutually continuous starting from the planning stage. The planning stage is the initial phase where researchers identify topics, formulate problems, and develop research instruments such as interview guidelines to have a strong framework before entering the field. After careful planning, the next step is the data collection stage, where researchers are actively involved empirically in Botumoputi Village to collect all the information needed through observation, interview, and documentation techniques carefully and carefully. The last stage is data analysis, which is a crucial phase in which all the data that has been collected is examined, interpreted, and dissected in depth to recognize patterns of relationships between variables and assess the contribution of the institution. Through this entire series of comprehensive and narrative stages, researchers can produce a complete, valid, and in-depth understanding of the strategic role of BUMDes in improving the economy of the people of Botumoputi Village.

RESULTS AND DISCUSSION

General Profile of Botumoputi Village

Botumoputi Village, located in Tibawa District, Gorontalo Regency, is an administrative village that was established in

2007 after being renamed Datahu Village. This expansion was carried out as an effort by the local government to bring public services closer to the people who have been living quite far from the center of government of the parent village. Since before the expansion, the Botumoputi area has been inhabited by people who mostly depend on the agricultural sector for their livelihood, especially corn plants which have become a leading commodity until now. The name "Botumoputi" comes from the Gorontalo language, namely "Botu Moputi" which means White Stone, referring to the natural characteristics of the area which has a stretch of bright rocks typical of the Tibawa hilly area. This name not only describes the geographical environment, but also contains symbolic value for the community as the hope of a clean, honest, and prosperous life.

In the early days of its establishment as a definitive village, Botumoputi faced various limitations, especially in the field of infrastructure and accessibility. Village roads are still mostly dirt, and some hamlets can only be reached on foot or across rivers whose flow conditions often change. Public service facilities such as education and health facilities are also still very limited, so people have to travel long distances to other villages or sub-districts to get basic services. However, these limitations did not hinder the enthusiasm of the community to build their new village. Armed with a strong culture of mutual cooperation, residents and village officials began to build social structures and village government, form hamlets,

strengthen family ties, and pioneer various self-help development activities.

Over time, Botumoputi began to experience an acceleration of development thanks to the attention of the local and provincial governments. One of the important developments is the presence of a permanent bridge in Toluludu Hamlet, which was previously an area with difficult access because it had to cross the river without a bridge. The construction of the bridge brought great changes to community mobility and supported the economic growth of the village. In addition, the presence of a farm road construction project of more than 2.6 kilometers is another important milestone. The road was built using concrete rebate construction with the support of the government and the TNI, and had a direct impact in facilitating farmers' access from fields to settlements and markets. This project significantly increases agricultural productivity and lowers the cost of crop distribution. The construction of roads and other infrastructure is then continued gradually, so that access between hamlets is improving from year to year.

This improvement in infrastructure also encourages the socio-economic development of the community. Farmers are starting to get acquainted with better cultivation techniques, including the use of superior seeds and new planting patterns. Agricultural products such as corn remain the backbone of the economy, while some residents have begun to develop side ventures such as small farms or the trade in

crops. Awareness of the importance of education is also increasing, marked by the increasing number of young generations who are pursuing education up to the middle and high levels. In social life, local cultural values such as mutual cooperation, deliberation, and hereditary traditions are maintained and become an important part of building community togetherness. Today, Botumoputi is developing as a village that continues to move forward with a strong agrarian identity, supported by people who work hard and support each other. Although it still faces challenges especially in opening new access, improving public facilities, and strengthening the local economy, the village has shown significant progress since its establishment in 2007. The history of Botumoputi Village is a reflection of the collective journey of the community from a once remote area to a village that is increasingly connected, growing, and increasingly confident looking to the future.

Botumoputi Village is one of the villages in Tibawa District which is located longitudinally from east to west with the following regional boundaries:

- North: It borders Iloponu Village, Tibawa District
- South: Bordering Datahu Village, Tibawa District
- East: It borders Isimu Raya Village, Tibawa District
- West: It borders Toyidito Village, Pulubala District

Botumoputi Village has an area of about 1,140 hectares and administratively the village government area consists of 3 (three) hamlets, namely Polia Hamlet, Toluludu Hamlet, and Toyidito Hamlet. The distance to the District Capital is about 2 kilometers with a travel time of approximately 10 minutes. The condition of the highway is relatively good and easy to pass, so it does not cause obstacles to the activities of the village government and the community. Meanwhile, the distance to the capital city of Gorontalo Regency is about 15 kilometers with a travel time of approximately 30 minutes.

Geographically, natural conditions are influenced by the tropical climate with average temperatures ranging from 27°C–30°C. Based on the topography, the Botumoputi Village area is a highland that has the characteristics of an area with the potential for landslides. Land use is dominated by the agricultural sector which places this village into the typology of agricultural villages. A detailed description of land use can be seen in the table below:

Table 1.

Land Use of Botumoputi Village			
No.	Land Utilization	Area (Ha)	Percentage (%)
1.	Agricultural Area	335	29,39%
2.	Plantation Area	275	24,12%
3.	Other Land Areas	530	46,49%
-	Quantity	1.140	100%

Source: Botumoputi Village Secretariat, 2025

Based on Table 1 regarding land use in Botumoputi Village, it is known that the total area of the village reaches 1,140 hectares. The land use is divided into three main categories, namely agricultural land, plantation land, and

other land. This assessment shows a variety of land functions that reflect the social, economic, and environmental characteristics of the village area. Agricultural land has an area of 335 hectares or around 29.39% of the total area of the village. This condition shows that the agricultural sector is still a form of land use that is quite dominant and plays an important role in supporting the economic activities of the people of Botumoputi Village, especially in the provision of food and livelihood sources for the population.

Furthermore, plantation land is recorded as covering an area of 275 hectares or around 24.12% of the total area of the village. The use of land for plantations shows the potential for the development of plantation commodities that can contribute to increasing community income and encouraging village economic growth. Meanwhile, other land categories have the largest area, which is 530 hectares or around 46.49% of the total area of the village. This other land includes various uses such as residential areas, public facilities, infrastructure networks, forest areas, water bodies, and land that has not been optimally utilized.

Other land dominance shows that there is still considerable space for the management and optimization of land use in Botumoputi Village in a sustainable manner. Overall, the land use structure in Botumoputi Village shows a balance between production and non-production functions. This condition is an important basis in village development

planning, especially in efforts to optimize land use oriented to improving community welfare and environmental conservation.

Based on the recapitulation of population data in Botumoputi Village in 2025, the total recorded population reached 3,091 people. Of these, the male population is 1,556 people, while the female population is 1,535 people. In addition, the number of heads of families (KK) recorded in Botumoputi Village is 924 families. All of these residents are spread across three hamlets in the Botumoputi Village area. The development of the population of residents can be observed through the following table instruments:

Table 2.
 Number of Population of Botumoputi Village
 (Year 2023–2025)

Year	Male (Soul)	Femal e (Soul)	Total Populatio n	Percentag e (%)
2023	1.537	1.579	3.116	49.33% (L) 50.67% (P)
2024	1.552	1.531	3.083	50.34% (L) 49.66% (P)
2025	1.556	1.535	3.091	50.34% (L) 49.66% (P)

Source: Botumoputi Village Secretariat, 2025
 (Data processed)

Based on Table 2 regarding the population of Botumoputi Village in 2023–2025, it can be explained that the composition of the population by gender shows a relatively balanced condition between men and women. In 2023, the number of male residents was recorded at 1,537 people or 49.33%, while the

female population amounted to 1,579 people or 50.67%. This data shows that in that year the female population is slightly more than the male population. Furthermore, in 2024 there will be a change in population composition, where the number of male population increases to 1,552 people or by 50.34%, while the female population amounts to 1,531 people or by 49.66%. This condition shows that the number of male population is starting to be more dominant than the female population.

In 2025, the population of Botumoputi Village will again experience an adjustment in growth stability, both in the male and female populations. The male population was recorded at 1,556 people or 50.34%, while the female population amounted to 1,535 people or 49.66%. This percentage shows that the composition of the population by gender is relatively stable and has not experienced significant changes compared to the previous year. Overall, the data shows that the quantity of residents of Botumoputi Village during the 2023–2025 period tends to move dynamically with a balanced gender ratio comparison. This condition reflects a well-established demographic structure, which can be the capital for village development, especially in the expansion of economic activities and the strengthening of the social sector of society.

The quality of human capital in the research area was measured through the latest education level variables that were successfully completed by the villagers. The distribution of

the education level of the population is presented in the table below instruments:

Table 3.
 Education Level of the Botumoputi Village Community

N o.	Education Level (Last Diploma)	Male (Sou l)	Female (Sou l)	Total (Sou l)	Percentage (%)
1.	Not Have A Diploma	203	310	513	16,00%
2.	Not Finishing Elementary School	101	111	212	6,61%
3.	Elementary / Equivalent	222	201	423	13,20%
4.	Junior High School / Equivalent	134	162	296	9,24%
5.	High School / Equivalent	708	647	1.355	42,28%
6.	Diploma (D1-D4)	7	3	10	0,31%
7.	Strata One (S1)	185	198	383	11,95%
8.	Strata Two (S2)	3	5	8	0,25%
9.	Strata Three (S3)	2	3	5	0,16%
-	Total Amount	1.565	1.640	3.205	100%

Source: Botumoputi Village Secretariat, 2025

Based on Table 3 about the education level of the people of Botumoputi Village, it is known that the number of people recorded based on the ownership of the last diploma is 3,205 people, consisting of 1,565 males and 1,640 females. This data describes the condition of community education readiness that is quite diverse, ranging from early age community

groups or population ranges that do not have official diplomas to residents who have pursued higher education at the doctoral program level (Strata Three).

The majority of the population of Botumoputi Village is at the level of higher education at the Upper Level Secondary School (SLTA), which is as many as 1,355 people or 42.28 percent of the total population. The dominance of high school graduates shows that most people have completed formal education at the upper secondary level. This condition is an important potential for villages in human resource development, especially in supporting economic, entrepreneurship, and village business management activities surrounding the management of BUMDes business units in the future. On the other hand, there are still residents who do not have a diploma, namely 513 people or 16.00 percent. The existence of this group shows that there are still some people who have not been optimally touched by formal education due to the influence of economic obstacles, sociocultural conditions, and geographical reach constraints in the past, so that they require stimulant attention through non-formal learning group programs and work skills improvement courses.

Furthermore, the population with the education level of elementary school (SD) graduates amounted to 423 people or 13.20 percent, while people who have completed Strata One (S1) education were recorded at a fairly high number, namely 383 people or 11.95 percent. The availability of the group of higher

education graduates gives an idea that Botumoputi Village has a supply of potential socio-sectoral change agents as the driving force of government institutions and village business institutions. For the education level of the First Level Advanced School (SLTP) amounted to 296 people or 9.24 percent, and the population who did not finish elementary school was 212 people or 6.61 percent. Meanwhile, the number of residents with diplomas, Strata Two (S2), and Strata Three (S3) respectively covers a small portion with a total of 10 people (0.31 percent), 8 people (0.25 percent), and 5 people (0.16 percent) respectively.

Table 4.

Religious Community of Botumoputi Village			
No.	Religion	Total Population (Soul)	Percentage (%)
1.	Islam	3.091	100%
2.	Christian	-	-
-	Quantity	3.091	100%

Source: *Botumoputi Village Secretariat, 2025*

Based on Table 4 regarding the religious component of the people of Botumoputi Village, it can be known absolutely that all residents of Botumoputi Village adhere to Islam, with a total of 3,091 people or 100 percent of the total aggregate population of the local population. Based on the latest records, there are no locals who adhere to Christianity, Catholicism, Hinduism, Buddhism, or other faiths. This socio-religious condition proves that the order of religious life in the village community is homogeneous and based on the absorption of strong Islamic values. The uniformity of spiritual identity is theoretically reflected in

daily community activities, where religious programs, commemorations of holidays, and mutual cooperation agendas run in harmony without any horizontal conflicts with theological motives. This collective religious value strengthens social integration among residents while accelerating the consensus process in making strategic decisions related to the operational direction of village institutions.

The Role of BUMDes in Improving the Community Economy in Botumoputi Village, Tibawa District, Gorontalo Regency

The results of the study show that Botumoputi BUMDes make a considerable contribution to improving the community's economy through the provision of facilities to support productivity and business cost efficiency, especially in the agricultural sector. The existence of BUMDes is a forum for the community to gain access to various business needs that were previously difficult to reach. This condition shows that BUMDes not only function as village economic institutions, but also as an instrument of community empowerment through the development of productive businesses that utilize the local potential of the village in a sustainable manner (Ramadana et al., 2013; Rohmah & Supriyanto, 2022).

The findings of the study also show that the agricultural sector is the main potential developed by BUMDes Botumoputi. The provision of fertilizers, seeds, pesticides, and various agricultural production needs makes it

easier for farmers to increase their business productivity. This condition has an impact on increasing production and community income. In addition to carrying out economic functions, BUMDes also carry out social functions through the provision of services that are able to improve the welfare of village communities in a sustainable manner (Ismowati et al., 2022; Scott, 2023).

The support of the Village Government through capital participation, legality facilitation, and institutional development shows a commitment to strengthening the governance of BUMDes. This is in line with the provisions of Law Number 6 of 2014 concerning Villages which gives authority to the village government to form, foster, and develop BUMDes as village-owned business entities. In addition, Government Regulation Number 11 of 2021 further emphasizes the position of BUMDes as a legal entity that has the function of consolidating village products, producers, business incubators, and service providers to the community. Based on the results of the research, BUMDes Botumoputi has carried out this function, especially as a provider of agricultural production facilities and a support for community economic activities (Indonesia, 2014; Indonesia, 2021).

The role of BUMDes in creating jobs, increasing community income, and contributing to Village Original Income (PADes) shows that the existence of BUMDes has a positive impact on village economic development. This impact can be seen from the increase in community

economic activity and the wider opportunities for people to develop productive businesses. This finding strengthens the results of previous research which stated that BUMDes are able to improve community welfare through economic empowerment based on local potential (Arindhawati, 2020; Nurdianti & Hailuddin, 2021; Samjulaifi et al., 2022).

However, this study also found several obstacles that are still faced by Botumoputi BUMDes, especially the high dependence on the agricultural sector. The risk of crop failure due to weather conditions and production factors has the potential to interfere with the sustainability of BUMDes' businesses. Therefore, it is necessary to diversify business units so that the source of income of BUMDes does not depend only on one economic sector. Business diversification is also an important strategy in strengthening village economic resilience and increasing the institutional sustainability of BUMDes (Hasanah et al., 2022).

Overall, the results of the study show that BUMDes Botumoputi has carried out its strategic function as a village economic institution that is able to increase community productivity, expand employment opportunities, increase community income, and strengthen village economic independence. This success is inseparable from the synergy between the village government, BUMDes managers, and the community in optimizing the local potential of the village.

Factors Affecting the Economic Improvement of the Botumoputi Village Community

The results of the study show that the economic improvement of the people of Botumoputi Village is influenced by the ability of BUMDes to manage the local economic potential, especially in the agricultural sector. The management of this potential is realized through the provision of production facilities, services to the community, and business development in accordance with the characteristics of the village. This condition shows that BUMDes have a function as an economic institution as well as a community empowerment institution that is able to encourage a sustainable increase in community income (Rohmah & Supriyanto, 2022; Scott, 2023).

Another factor that affects the success of improving the community's economy is the support of the village government in the form of capital participation, institutional development, and administrative assistance and the legality of BUMDes. This support strengthens the institutional capacity of BUMDes so that they are able to carry out business activities professionally and accountably. Good governance is an important factor in maintaining business sustainability while increasing public trust in the existence of BUMDes (Indonesia, 2014; Indonesia, 2021).

The success of BUMDes is also influenced by the active participation of the community in every business activity carried

out. The involvement of the community as service users and business actors creates a mutually beneficial relationship between BUMDes and the village community. This participation is a tangible form of community empowerment because the community is not only a beneficiary, but also plays a role as the main actor in village economic development (Nurdiyanti & Hailuddin, 2021; Samjulaifi et al., 2022).

Nevertheless, this study shows that the economic resilience of the community still faces various challenges, especially dependence on the agricultural sector. The risk of crop failure can affect the community's ability to develop their business as well as have an impact on the sustainability of BUMDes' businesses. Therefore, it is necessary to develop new business units based on other local potentials so that people's sources of income become more diverse and do not depend on only one economic sector (Hasanah et al., 2022).

In addition to business diversification, increasing the capacity of human resources managing BUMDes is also an important factor in improving institutional performance. Managers who have good managerial, administrative, and financial management skills will be able to develop the business in a more professional, transparent, and accountable manner. Thus, the existence of BUMDes is not only oriented towards economic benefits, but also able to create sustainability of village development through strengthening institutional capacity

and community empowerment (Hasanah et al., 2022; Ismowati et al., 2022).

Overall, the results of the study show that the economic improvement of the Botumoputi Village community is influenced by various interrelated factors, namely the optimization of local potential, village government support, community participation, good institutional governance, and human resource capacity building. The combination of these factors makes BUMDes a strategic instrument in strengthening village economic independence while improving community welfare in a sustainable manner.

CONCLUSION

This study concludes that Botumoputi Village-Owned Enterprises (BUMDes) play a strategic role in improving the community's economy through business management that utilizes local potential, especially in the agricultural sector. The existence of BUMDes not only makes it easier for people to obtain production facilities at a more affordable cost, but also contributes to increasing productivity, community income, job creation, and increasing Village Original Income (PADes). These findings show that BUMDes are able to carry out economic functions as well as social functions as community empowerment institutions that encourage citizen participation in village economic development.

This research provides a scientific contribution by strengthening the view that the effectiveness of BUMDes is not only determined

by the availability of capital, but also influenced by the ability of institutions to manage local potential, build accountable governance, and create strong collaboration between village governments, managers, and communities. The results of the research also strengthen the concept of community empowerment and the people's economy which places BUMDes as an instrument of village economic development oriented towards independence and community welfare. Through a qualitative approach, this research is able to describe the dynamics of BUMDes management in a contextual manner so as to provide a more comprehensive understanding of the factors that affect the success and obstacles in village business development. However, this study is still limited to one research location so the results cannot be generalized to different village characteristics.

The practical implications of this study show the need to strengthen the institutional capacity of BUMDes through improving the competence of managers, implementing transparent and accountable governance, and diversifying business units so that they do not depend on one economic sector. The village government is expected to continue to provide support through coaching, measurable capital participation, and strengthening partnerships with various parties so that the sustainability of BUMDes businesses can be maintained. The next research is suggested to examine the effectiveness of BUMDes on various village characteristics using a comparative approach or

mixed methods, so as to gain a broader understanding of the factors that determine the success of BUMDes in improving community welfare and realizing sustainable village development.

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