

Assistance in Management of BUMDes Sumberdem Gemilang in Realizing Village Economic Independence

¹Robbi Read*, ¹Rofiqi, ¹Agung Winarno, ¹Desti Nur Aini

¹Universitas Negeri Malang, Indonesia

*Corresponding author

E-mail: Robbi.readi.2304138@students.um.ac.id

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Abstract

Purpose: Village-Owned Enterprises (BUMDes) play a vital role in community welfare but often face challenges due to limited resources and managerial capacity. This program aims to develop BUMDes based on local assets in Sumberdem Village, Malang Regency.

Method: The program applies the Asset-Based Community Development (ABCD) approach, focusing on asset identification and strengthening managerial skills.

Practical Application: Program results show improved BUMDes managerial capabilities in business planning, financial management, and marketing. Asset identification also spurred new community-driven economic initiatives, supporting business diversification and increasing BUMDes income.

Conclusion: The assistance significantly boosted the village economy, reinforcing BUMDes' role in promoting welfare. Continued support and stronger partnerships with private and government sectors are needed to sustain progress.

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Introduction

Village economic development through BUMDes (Village-Owned Enterprises) is one of the iconic breakthroughs in the regional development paradigm in Indonesia, which focuses on growth, equity, balance, and sustainability. Since the BUMDes Program was launched in 2014 as part of the implementation of Law Number 6 of 2014 concerning Villages, this initiative has continued to grow until the end of 2024. With 65,941 BUMDes established in 81,616 villages, including 18,850 that are already legal entities, the government is trying to increase village economic productivity through village-based institutional businesses.

However, the results have not fully achieved the efficiency and sustainability of BUMDes, so this condition tends to have an impact on less-than-optimal targets in contributing and supporting village development where BUMDes is located. There are several factors that hinder BUMDes, causing its performance to be less efficient.

One of the causes of BUMDes inefficiency is the lack of human resource capabilities that do not meet the demands of management competency. In addition, there are obstacles in the formation and management of BUMDes, such as (a) ignorance of the BUMDes program, (b) BUMDes establishment initiatives that have not been fully recognized by stakeholders, and (c) BUMDes establishment which is considered only a formality program.

BUMDes management is fully carried out by the village community with the principle of from the village, for the village, and by the village. The BUMDes working mechanism aims to accommodate the community's economic activities in a professional institution based on the potential of the village's original resources. BUMDes is expected to be the root of economic independence, based on productive and effective activities that are in accordance with the characteristics of the village, so that it can be a source of income for the village.

Many studies and community service programs have been conducted to improve BUMDes performance, but most of them still focus on technical aspects without considering sustainable empowerment and mentoring. One important aspect that is interesting is the optimization of the role of the village government as an institution that oversees and supports the development of BUMDes (Nugrahaningsih et al., 2021). However, until now, the role of the government in developing BUMDes is still limited and less structured. Improving the village economy should begin by providing proper legality so that BUMDes truly proves its role as one of the efforts in increasing Village Original Income (PADes) and growing the village economy in a complete and comprehensive manner (Dewi, 2014). For that reason, from the results of Dewi's research, further efforts can be made regarding the role of BUMDes in creating community welfare.

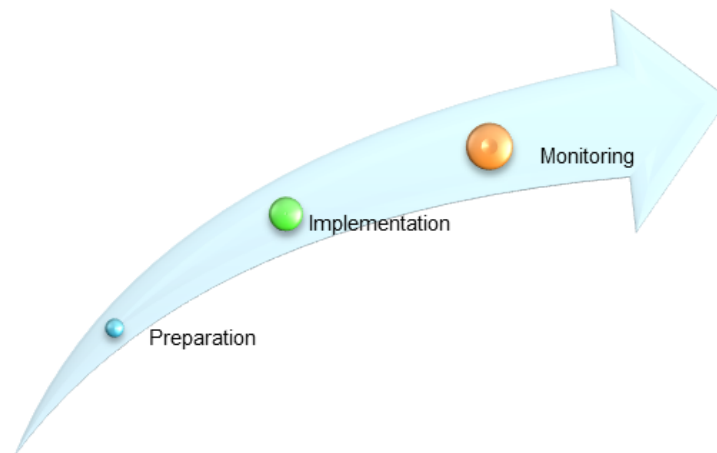
BUMDes in Sumberdem Village was officially established on March 27, 2017, based on the Regulation of the Minister of Villages, Disadvantaged Regions and Transmigration Number 4 of 2015 concerning the establishment, management, and dissolution of BUMDes. This BUMDes, named 'BUMDesa Sumberdem Gemilang', was initiated by the village head, BPD, and the people of Sumberdem Village in collaboration with the Sumberdem Village Government. Based on the results of interviews and observations in the field, BUMDes Sumberdem Gemilang has run several business units to meet the needs of the community, such as service units, trade, tourism, markets, and savings and loans.

This community service program aims to develop BUMDes that are independent, innovative, and competitive. With structured and sustainable assistance, it is hoped that BUMDes can maximize local potential and provide real contributions to the village economy. The expected impacts include increasing the managerial and technical capacity of BUMDes managers, community involvement in the village economy, and local products with higher selling value.

Method

This activity was carried out from June to October 2024, taking place in Tambaksari. This service method uses the Asset-Based Community Development (ABCD) approach, which focuses on community empowerment by exploring and utilizing existing assets in the village, such as natural resources, skills, knowledge, and social networks. This activity was carried out at BUMDesa Sumberdem Village, Wonosari District, Malang Regency.

Figure 1. Service Flow



The ABCD approach begins with preparation at this stage, observations and deeper data mining are carried out regarding BUMDes Sumberdem, the second stage of implementation which includes training and assistance for BUMDes managers in participatory asset mapping. This allows village communities to recognize the potential of their village, including expertise, natural resources, and infrastructure that can be used for business development. The potential in the village becomes a strength or asset to support development (Purnamasari et al., 2023). This step is also supported by exploring potential and developing strengths or assets that have been identified in the community. This approach emphasizes the importance of active community participation in every stage, from planning to implementation, thus strengthening the sense of ownership of BUMDes (Ivis, 2020). The next stage is monitoring, monitoring every development that has been done by BUMdes Sumberdem to ensure that everything that has been conceptualized is running well. It is hoped that by using the ABCD method, this service can increase the capacity of BUMDes, optimize local potential, and improve the village economy sustainably.

Result

The implementation of the mentoring program for the development of BUMDes and improving the community economy revealed several important findings. First, through the Asset-Based Community Development (ABCD) approach (Ivis, 2020), it was found that the village has local assets that have not been optimally utilized. These assets include community skills in MSME products, natural tourism potential, and agricultural resources that can be processed into value-added products. This assistance has succeeded in increasing community awareness of the wealth of potential they have, so that initiatives have arisen to develop businesses based on local assets. utilizing their local potential, thus opening up community insights into local resources or potentials they have, communities begin to have the will and motivation to take concrete steps, businesses that are developed are based on assets that already exist in their area, be it natural resources, local wisdom, or local community capabilities, so that it is sustainable (Winarno et al., 2023).

Figure 2. Local Assets of BUMDes Sumberdem



Second, increasing the managerial and technical capacity of BUMDes managers is a significant result of this program. Through regular mentoring, BUMDes managers have succeeded in increasing their understanding of business planning, financial management, and product marketing strategies through the marketplace. As a result, BUMDes can run their businesses more effectively, and have begun to show increased revenue and profits. This program has had a positive impact, both in improving the village economy, empowering communities, and strengthening village institutions. BUMDes are now more independent, innovative, and ready to compete in a wider market, making a significant contribution to community welfare.

Figure 3. Village Government Assistance Activities with BUMDes



Assistance from the village government in developing BUMDes to improve the community's economy has provided positive results, as previously described. These results not only show the success of the program but also highlight the importance of a participatory approach in village economic development. A participatory approach in village economic development is an approach that actively involves village communities in every stage of the development process, from problem identification, planning, implementation, to evaluation. A participatory approach allows village communities to convey their views on the needs, potential, and challenges they face. By involving them, development programs will be more in line with local conditions and the real needs of the community (Aini, 2023). Communities are also helped to learn and improve their capacity in making decisions, managing resources, and solving problems independently, so that they can create a more independent society and not only rely on outside assistance.

The first crucial step is the identification of local assets through the Asset-Based Community Development (ABCD) method (Ivis, 2020). Involving the community in this process, the program has succeeded in uncovering previously unrecognized potential, such as community skills, nature tourism, and agricultural resources. This potential is the foundation for the development of BUMDes businesses and shows that an asset-based

approach can mobilize communities to more actively participate and utilize local resources.

Furthermore, increasing the managerial and technical capacity of BUMDes managers is one of the important achievements of this program. The training and mentoring provided have increased managers' understanding of important aspects such as business planning, financial management, and marketing. This proves that structured mentoring can improve manager competence, which has a positive impact on BUMDes performance. More competent managers not only optimize daily operations but are also ready to face the challenges of the ever-evolving market.

Figure 4. Follow-up of BUMDes assistance



Empowering village communities through active participation in economic activities shows that the program has succeeded in building a sense of ownership and shared responsibility. By being directly involved in the development of BUMDes, communities feel more empowered and have control over the future of their village economy. This is very important for long-term sustainability, because the success of BUMDes is highly dependent on community support.

Discussion

The results of this service show significant improvements compared to previous services. Previous services focused on increasing technical capacity, such as accounting and marketing training (Fitriyah & Ansori, 2022), resulting in a better understanding of operational aspects. However, the impact on the village economy is still limited, often due to a lack of integration with village institutions and optimal utilization of local assets (Abidin et al., 2022). This study emphasizes that a fragmented approach is not enough to drive the economy of society as a whole (Harini et al., 2023).

Figure 5. Assistance in front of the BUMDes office



In this service, the Asset-Based Community Development (ABCD) approach (Ivis, 2020) successfully overcomes the gaps that existed in previous services. ABCD emphasizes community empowerment by utilizing community-owned assets. The village government acts as a driver that integrates local assets with BUMDes management, creating synergy between village institutions and village businesses (Triadi et al., 2022). Based on the theory (Kretzmann & McKnight, 1993), local asset-based development is able to encourage participation and create economic sustainability (Fitriawan et al., 2020). This finding is consistent, because the identification of local assets has triggered new initiatives that were previously not fully explored (Nita et al., 2022).

Paulo Freire's theory of community empowerment provides an analytical perspective on active community participation in BUMDes management. Freire emphasizes the importance of making the community a subject in development (Ardiansyah et al., 2021). In this service, the community is actively involved in identifying assets, decision making, and implementing BUMDes business (Asfahani et al., 2023). This involvement creates a sense of ownership and shared responsibility that strengthens the sustainability of BUMDes businesses, which is a significant difference compared to previous services, where the community more often played a role as passive beneficiaries (Suryanti et al., 2024).

From the perspective of increasing managerial capacity, the Capacity Building theory (Morgan, 1998) is also relevant in this context. Increasing the capacity of BUMDes managers through training and mentoring is in line with the idea that capacity includes not only technical knowledge, but also the ability to work effectively in a broader social, political, and economic context (Wirman et al., 2018). This service has succeeded in facilitating comprehensive capacity building, where BUMDes managers are not only proficient in technical aspects, but are also able to manage relationships with the community, village officials, and external partners.

Thus, compared to previous devotions that tended to focus on narrow and fragmented approaches, this devotion introduces a more holistic and integrative model. Asset-based approaches, participatory empowerment, and multi-party collaboration have proven to be more effective in creating broader and more sustainable impacts on the village economy. Relevant theoretical studies strengthen these findings, indicating that BUMDes development programs that emphasize active participation, institutional strengthening, and external party involvement have greater potential to improve overall community welfare.

Conclusion

Government assistance in the development of BUMDes Sumberedem Gemilang to improve the community's economy has proven effective in encouraging local economic growth through the Asset-Based Community Development (ABCD) approach. Through this program, the village government has succeeded in transforming into a center of economic activity that integrates local assets and strengthens the managerial capacity of BUMDes Sumberedem Gemilang managers. Overall, this service has had a significant positive impact on the economy and welfare of the village community.

Although the program has successfully achieved many of its objectives, there are several weaknesses that need to be considered. First, the limited duration of mentoring has resulted in less-than-optimal sustainable capacity development for BUMDes managers. The program also still faces challenges in building stronger synergies between BUMDes and the private sector, which can open up greater opportunities in terms of market access and resources. In addition, the approach used still requires further adjustments so that it can be applied more flexibly in various villages with diverse characteristics. Finally, there are still limited partners to be used as partners in selling products from Bumdesa Sumberedem Gemilang.

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