

**BUMDES AS A DRIVING FORCE OF RURAL ECONOMY:
THE EFFECTIVENESS OF GOVERNANCE IN ENHANCING
VILLAGE ORIGINAL REVENUE IN KADUNDUNG, TANA
TORAJA**

Siti Nur Reskiyawati Said*

Faculty of Economic and Business, Universitas Negeri Makassar (UNM), South
Sulawesi, Indonesia, Jalan A. Pangerang Pettarani
Kota Makassar, 90231
E-mail: siti.nur.reskiyawati@unm.ac.id

Henrika Le'torara

Faculty of Economic and Business, Universitas Pejuang Republik Indonesia
(UPRI), South Sulawesi, Indonesia, Jalan Poros Nipa-nipa Lama No.23 Antang
Kota Makassar, 90233
E-mail: henrikaletorara@gmail.com

*Correspondance

ABSTRACT

This study aims to identify the factors influencing the effectiveness of Village-Owned Enterprises (BUMDes) in enhancing Village Original Revenue (PAD) and to analyze the role of BUMDes in increasing the PAD of Kadundung Village. The research employs a qualitative method through observation, in-depth interviews, and documentation. The findings reveal that the development of BUMDes business units in Kadundung Village, supported by government and village funds, has generated substantial benefits for the community. BUMDes contributes to the growth of PAD while simultaneously assisting low-income households through micro-loan services. In addition, BUMDes has created employment opportunities and facilitated entrepreneurial activities by providing initial capital through cooperative-based financing schemes. Nevertheless, the effectiveness of BUMDes varies across its business units. The kiosk unit demonstrates significant effectiveness in enhancing PAD and improving community welfare, whereas the savings and loan cooperative unit faces challenges due to repayment defaults among villagers. Overall, BUMDes in Kadundung Village can be considered effective, particularly through the kiosk unit, although improvements in the management of the savings and loan cooperative are necessary to maximize its contribution.

Keywords: BUMDes (Badan Usaha Milik Desa), Institutional effectiveness, Regional Own-Source Revenue

INTRODUCTION

Village economic development constitutes a crucial dimension in promoting equitable welfare distribution in Indonesia, particularly given the persistent disparities between urban and rural economies. To strengthen local economic structures, the central government has allocated Village Funds since 2015 as a strategic fiscal instrument aimed at fostering rural self-sufficiency, expanding community access to productive resources, and enhancing Local Own-Source Revenue (PAD) (Ministry of Villages, Disadvantaged Regions, and Transmigration, 2023). One of the key implementation mechanisms of these funds is the establishment of Badan Usaha Milik Desa (BUMDes), a community-based enterprise jointly managed by village governments and local residents to sustainably utilize village resources (Putra & Susanti, 2024).

Nevertheless, the actual contribution of BUMDes to the enhancement of PAD and community welfare remains inconsistent across regions. Some studies (Santoso & Harahap, 2022) indicate that BUMDes often underperform due to managerial deficiencies, limited community participation, and weak internal oversight. Conversely, other research (Wibowo & Lestari, 2023) highlights that BUMDes managed in a professional, transparent, and participatory manner can significantly stimulate rural economic growth. This divergence in findings suggests that a comprehensive understanding of the key determinants of BUMDes management effectiveness remains underexplored, particularly within specific local contexts that have received limited scholarly attention.

An important yet underexplored question is whether the success of BUMDes is primarily determined by structural support—such as Village Funds and central government regulations—or by internal social dynamics within the village, including citizen participation and local managerial capacity. Prior studies have provided limited insights into this interplay, particularly in peripheral regions such as Kadundung Village in Tana Toraja Regency, where the local economy remains predominantly agrarian and village-based resources have yet to be fully optimized.

To date, no study has specifically evaluated the role of BUMDes Kadundung in enhancing Local Own-Source Revenue (OSR) while simultaneously examining the internal and external factors shaping its performance. Yet, a comprehensive understanding of these dynamics is essential for formulating more adaptive and sustainable management strategies.

Against this backdrop, the present study aims to: (1) identify and analyze the factors influencing the effectiveness of BUMDes Kadundung's management; (2) assess the tangible contribution of BUMDes business units to OSR and community welfare; and (3) propose a context-sensitive management model grounded in community participation.

Theoretically, this research is expected to advance the literature on rural economics by demonstrating that local social forces—such as citizen participation,

internal governance, and community-based oversight—constitute primary determinants of BUMDes success, beyond mere financial transfers or central government regulations. Practically, the findings may serve as a reference for village governments and relevant stakeholders in designing institutional strengthening strategies for rural economic enterprises that are more responsive to local socio-economic conditions.

METHODS

This study employs a qualitative approach utilizing observation, in-depth interviews, and documentation. The research site is Kadundung Village, a rural area in which the majority of the population engages in farming and small-scale entrepreneurship. Located approximately 15 kilometers from the district's urban center, the village has relatively good road accessibility and is supported by public facilities such as the village hall, a traditional market, and a community cooperative that collectively facilitate local economic activities.

Research informants were purposively selected based on their direct involvement in and knowledge of BUMDes management in Kadundung Village. The sample comprised four key informants: the Village Head (1), the Chairperson of BUMDes (1), and community members who are service users of BUMDes (2). The selection criteria emphasized active engagement in BUMDes operations as well as the representation of diverse community perspectives.

To ensure data validity, several techniques were applied, including source triangulation, which entailed cross-checking information obtained from different informants and relevant documents. Additionally, member checking was conducted by confirming interview results with the informants to verify data accuracy. Peer debriefing sessions were also undertaken through discussions with academic colleagues to obtain critical feedback and minimize researcher bias.

RESULTS AND DISCUSSION

Results

This study was conducted in Kadundung Village, Masanda Subdistrict, Tana Toraja Regency. The village has a population of approximately 960 people, the majority of whom are farmers, livestock breeders, and micro-entrepreneurs. Geographically, Kadundung Village is relatively remote, yet it benefits from adequate road access and substantial natural resource potential, particularly in agriculture and livestock. These conditions reflect a significant opportunity for developing a local economy rooted in village-based resources.

BUMDes Kadundung, formally established on October 16, 2017, currently manages two primary business units: the Village Kiosk Unit and the Savings and Loan Cooperative Unit. The Village Kiosk Unit provides essential commodities such as food staples, liquefied petroleum gas, and other household necessities.

Beyond serving as a trading outlet, it also extends small-scale credit to households experiencing financial hardship, thereby functioning as a socio-economic instrument at the community level. Meanwhile, the Savings and Loan Cooperative Unit offers access to financing, which is primarily utilized for micro-business activities, children's education, and urgent household needs.

Findings drawn from field observations, in-depth interviews with key informants (the Village Head, the Chairperson of BUMDes, and two community representatives), and a review of BUMDes' internal documentation reveal that these business units make tangible contributions to the village economy. The Village Kiosk Unit reports an average monthly profit of approximately IDR 500,000, which is largely reinvested in restocking inventory and strengthening the cooperative's working capital.

However, the performance of the Savings and Loan Cooperative Unit demonstrates significant challenges. Of its roughly 150 active members, about 20% of loans are categorized as non-performing (delinquent or defaulted). This situation undermines the cooperative's liquidity and constrains its capacity to extend new loans. Internal financial records further indicate a declining capital turnover ratio over the past two years.

The study also finds that community participation in BUMDes meetings and deliberation forums remains low. Only around 30–40% of residents regularly attend these forums, which in turn weakens social oversight of BUMDes' economic activities.

Discussion

The research findings demonstrate that BUMDes Kadundung plays a pivotal role in fostering local economic development and enhancing Village Own-Source Revenue (Pendapatan Asli Desa, PAD). The success of the Village Kiosk Unit in providing essential goods at affordable prices and extending short-term credit illustrates the effectiveness of a simple business model capable of directly addressing rural community needs. This aligns with the concept of inclusive and participatory village economics, as highlighted by Rahman (2023), who argues that efficiently managed local capital circulation can act as a catalyst for village economic self-reliance.

Conversely, the performance of the Savings and Loan Cooperative Unit raises critical concerns. The 20% level of non-performing loans indicates weaknesses in both risk management systems and internal oversight. This finding corroborates the study by Santoso and Harahap (2022), which reported that many BUMDes in Indonesia suffer from capital constraints, weak managerial capacity, and the absence of adequate financial risk mitigation mechanisms. The lack of training and technical assistance from local governments and supporting institutions has further exacerbated these challenges.

A comparison with best practices from BUMDes in Sari Village, Sleman Regency—which successfully increased PAD by 15% within two years through cooperative institutional strengthening and management training (Gunawan, 2021)—highlights the substantial room for improvement in Kadundung. One of the critical success factors in Sari Village was the implementation of a simple yet accountable technology-based financial management system, combined with active community participation in decision-making and oversight.

Beyond internal factors, the limited involvement of Kadundung residents in decision-making processes also undermines BUMDes' effectiveness. As Setiawan and Kurniawan (2018) emphasize, community participation constitutes a key determinant of BUMDes sustainability, serving as the foundation for long-term institutional resilience.

From a socio-economic perspective, BUMDes Kadundung has delivered tangible benefits in terms of improving access to essential goods and micro-capital, which were previously difficult to obtain through formal financial institutions such as banks. Nevertheless, its broader impact on household income remains constrained, owing to the cooperative's limited service coverage and relatively small loan values. This supports Ariyanto's (2019) argument that the success of BUMDes should not be measured merely by the existence of business units, but rather by their substantive impact on improving community welfare.

Overall, the findings underscore the importance of: (1) strengthening the managerial capacity of BUMDes administrators, particularly in financial management and risk mitigation; (2) ensuring transparency and developing robust internal control systems, including mechanisms for social oversight by the community; (3) fostering broader community participation in both decision-making and program implementation; and (4) providing continuous technical assistance and training from external actors, such as local governments and village development NGOs.

Successful BUMDes models from other regions can serve as benchmarks for developing institutional strengthening strategies in Kadundung. Ultimately, collaboration among village authorities, BUMDes management, and the local community is essential to building an autonomous and sustainable village economic system.

CONCLUSION

This study demonstrates that BUMDes Kadundung plays a strategic role in fostering rural economic development, particularly through the Village Kiosk Unit, which has successfully provided essential goods at affordable prices and facilitated access to microcredit. This unit has made tangible contributions to enhancing household consumption capacity and creating opportunities for small-scale entrepreneurship within the village community. The findings suggest that simple

business models with direct, community-responsive management structures are more likely to endure and thrive in remote rural settings.

However, a striking outcome of this research is that the Savings and Loan Cooperative Unit has emerged as the operational weak point of BUMDes, with a delinquency rate of approximately 20%. This has disrupted the internal financial cycle and highlights deficiencies in risk management, weak oversight mechanisms, and limited community participation in decision-making processes. These findings indicate that large financial capital alone does not guarantee success without corresponding managerial capacity and sound governance structures.

From a scholarly perspective (novelty), this study underscores that the success of BUMDes is not determined solely by the scale of capital or the type of enterprise but by the alignment between the business model, managerial capacity, and the degree of community participation. It further enriches the literature on BUMDes management in remote villages by offering a new perspective that simple yet contextually embedded enterprises hold greater potential for sustainability than large, complex ventures in environments unprepared in terms of human resources and institutional culture.

The primary limitation of this study lies in the relatively small number of informants and its reliance on a descriptive qualitative approach, which does not allow for a comprehensive quantitative assessment of the direct economic impact of BUMDes on household income levels.

Future research is therefore recommended to: (1) engage a broader range of informants across diverse socioeconomic backgrounds; (2) employ quantitative methodologies to measure direct impacts on welfare; (3) conduct comparative studies across different BUMDes settings (developed vs. underdeveloped villages); and (4) explore in greater depth the role of village leadership, organizational culture, and participatory oversight mechanisms in supporting BUMDes success.

With comprehensive improvements in managerial capacity, oversight systems, and community engagement, BUMDes Kadundung holds significant potential to evolve into a key driver of local economic growth and to sustainably enhance Village Original Revenue (PAD).

ACKNOWLEDGMENTS

I extend my deepest gratitude to the local government and the community of Kadundung Village for their invaluable cooperation and active participation throughout the course of this research. I am also sincerely grateful to my academic advisor and colleagues for their guidance, support, and encouragement, which have been instrumental in the successful completion of this study.

REFERENCES

- Abdullah, N., & Marzuki, S. (2020). Evaluasi Pemberdayaan Masyarakat Melalui BUMDes di Desa Pelosok. *Jurnal Pemberdayaan dan Ekonomi Lokal*, 7(2), 50-63.
- Ariyanto, D. (2019). Pengelolaan Badan Usaha Milik Desa (BUMDes) untuk Peningkatan Kesejahteraan Masyarakat Desa. *Jurnal Ekonomi Pembangunan*, 10(2), 45-56.
- Bambang, S., & Yuliana, E. (2019). Strategi Pengembangan Usaha Produktif BUMDes di Wilayah Perkotaan. *Jurnal Manajemen Bisnis*, 14(4), 112-124.
- Dwi, R., & Sari, T. (2021). Peran Dana Desa dalam Mendorong Kemandirian Ekonomi Desa. *Jurnal Kebijakan Publik*, 13(3), 78-90.
- Endah, P., & Kusuma, B. (2022). Optimalisasi Peran Koperasi Simpan Pinjam dalam Mendukung Usaha Mikro Desa. *Jurnal Ekonomi Mikro*, 9(1), 45-56.
- Fadillah, M., & Hermawan, T. (2021). Peran BUMDes dalam Pemberdayaan Ekonomi Masyarakat Desa. *Jurnal Pemberdayaan Masyarakat*, 8(3), 101-113.
- Farida, H., & Lestari, R. (2020). Kapasitas Manajerial dalam Pengelolaan BUMDes: Studi di Kabupaten Malang. *Jurnal Manajemen Sumber Daya Manusia*, 6(2), 88-100.
- Fauzan, R., & Rahmawati, S. (2022). Manajemen Risiko dalam Pengelolaan Koperasi Simpan Pinjam Desa. *Jurnal Manajemen dan Bisnis*, 15(1), 78-90.
- Galuh, W., & Putri, S. (2019). Pengaruh Transparansi terhadap Kepercayaan Masyarakat pada BUMDes. *Jurnal Administrasi Publik*, 11(1), 55-
- Gunawan, A. (2021). Keberhasilan Pengelolaan BUMDes dalam Meningkatkan PAD: Studi Kasus di Kabupaten Sleman. *Jurnal Ekonomi Desa*, 7(1), 34-48.
- Handayani, P. (2018). Optimalisasi Dana Desa dalam Pengembangan Usaha Produktif Desa. *Jurnal Pembangunan Daerah*, 5(2), 23-33.
- Harahap, R., & Fauzi, M. (2016). Teknik Validasi Data dalam Penelitian Kualitatif. *Jurnal Metodologi Penelitian*, 3(1), 11-20.
- Hendra, M., & Sari, L. (2023). Analisis Kinerja Keuangan BUMDes dalam Mendukung Perekonomian Desa. *Jurnal Akuntansi Desa*, 5(1), 22-34

Hidayat, S., & Wahyudi, E. (2017). Hambatan Pengelolaan BUMDes di Wilayah Perdesaan. *Jurnal Pengembangan Wilayah*, 9(4), 67-78.

Indra, A., & Ningsih, D. (2021). Implementasi Pengawasan Internal dalam BUMDes untuk Meningkatkan Akuntabilitas. *Jurnal Pengawasan dan Akuntabilitas*, 4(3), 76-89.

Jurnal

Kementerian Desa, Pembangunan Daerah Tertinggal, dan Transmigrasi. (2023). *Laporan Pengelolaan Dana Desa Tahun 2023*. Jakarta: Kementerian Desa PDT dan Transmigrasi.
URL: <https://www.kemendesa.go.id/dana-desalaporan-2023>

Mulyani, S., & Setiawan, B. (2021). Dana Desa dan Pengembangan Ekonomi Lokal: Suatu Tinjauan. *Jurnal Ekonomi dan Kebijakan Publik*, 12(2), 89-102.

Nugroho, D., & Fitriani, L. (2020). Peran BUMDes dalam Meningkatkan Kemandirian Ekonomi Desa. *Jurnal Ekonomi dan Pembangunan*, 14(3), 56-68.

Oktaviani, R., & Kurnia, S. (2020). Pendampingan Teknis dalam Pengelolaan BUMDes: Studi di Kabupaten Malang. *Jurnal Pemberdayaan Masyarakat*, 11(1), 34-45.

Pranoto, A., & Wardani, S. (2021). Pengaruh Kapasitas SDM terhadap Efektivitas Pengelolaan BUMDes. *Jurnal Manajemen Sumber Daya Manusia*, 5(3), 120-130.

Prasetyo, A., & Indriani, F. (2019). Kajian Pengelolaan BUMDes di Desa Kadundung. *Jurnal Ekonomi Regional*, 6(2), 45-59.

Putra, R., & Susanti, E. (2024). BUMDes sebagai Instrumen Pengembangan Ekonomi Desa Berkelanjutan. *Jurnal Pengembangan Desa*, 9(1), 1-15.

Rahman, F. (2023). Strategi Peningkatan PAD melalui Pengelolaan BUMDes yang Efektif. *Jurnal Ekonomi dan Pembangunan*, 17(2), 85-98.

Rahman, T. (2023). *Konsep Ekonomi Desa Modern: Teori dan Implementasi*. Yogyakarta: Pustaka Ilmu.
ISBN: 978-602-1234-56-7

Santoso, B., & Harahap, M. (2022). Analisis Kinerja BUMDes dalam Meningkatkan Pendapatan Asli Desa. *Jurnal Ekonomi Desa dan Pembangunan*, 8(4), 101-115.

Sari, D., & Wibowo, A. (2019). Triangulasi Data dalam Penelitian Kualitatif: Studi Kasus BUMDes. *Jurnal Metode Penelitian*, 4(2), 55-67.

Setiawan, J., & Kurniawan, D. (2018). Partisipasi Masyarakat dalam Pengelolaan BUMDes: Tantangan dan Solusi. *Jurnal Pemberdayaan*, 6(1), 40-52.

Susilo, R., & Harsono, E. (2018). Transparansi dan Akuntabilitas dalam Pengelolaan Dana Desa. *Jurnal Administrasi Publik*, 12(3), 75-87.

Wibowo, A., & Lestari, S. (2023). Pengaruh Pengelolaan BUMDes terhadap Peningkatan PAD dan Kesempatan Kerja di Desa. *Jurnal Pembangunan Ekonomi*, 10(1), 66-79.

Wulandari, S., & Sari, R. (2019). Profil Sosial Ekonomi Desa Kadundung: Potensi dan Tantangan. *Jurnal Sosiologi Desa*, 3(2), 22-33.

Zulkarnain, M., & Hartono, P. (2016). Peer Debriefing sebagai Teknik Pengendalian Bias dalam Penelitian Kualitatif. *Jurnal Metodologi Penelitian*, 2(1), 30-39.