

Management of Village-Owned Enterprise Business Units on the Village Economy in Lelato Village, North Gorontalo Regency

Srihandayani Suprpto¹, Franky Djafar¹, Mohamad Kifli Pianus¹, Ridwan Podungge¹

¹Public Administration, Muhammadiyah University of Gorontalo, Indonesia

Received: February 15, 2025

Revised: March 19, 2025

Accepted: April 20, 2025

Abstract

This research uses a descriptive method with a qualitative approach. The results of the research state that the BUMDes business units in Lelato Village Sumalata District has contributed to improving the community's economy. This was obtained through capital participation for the establishment of agricultural Kiosk which makes it easier for the community to find agricultural materials, and the supply of BUMDes income to Village Original Income (PADesa). Apart from these various benefits, BUMDes in Lelato Village facing several obstacles, namely the lack of capital owned by BUMDes, the lack of human resource capacity in managing BUMDes, the lack of public knowledge about BUMDes and the lack of community participation in advancing BUMDes business units.

Keywords: Management, Village-Owned Enterprises, Improving the Village Community Economy

Introduction

Development essentially aims to build independence and improve the standard of living and well-being of communities, including rural development (Schafft, 2016). One of the government's missions is to develop the rural economy, which can be achieved through community empowerment to increase productivity and diversity of rural businesses, providing facilities and infrastructure to support the rural economy, building and strengthening institutions that support the production and marketing chain, and optimizing village resources and potential as the basis for village economic growth (Law No. 6 of 2014 concerning Villages).

According to Nurman et al. (2020), Village development must be carried out in a planned manner and address the real needs of the village community. Therefore, village development must be based on village potential and weaknesses. To realize this development, community participation is essential (Abbott, 2013; Stiglitz, 2002). This is because the community is more aware of village problems and potential, and therefore plays a central role in the village development process. Villages play a crucial role in national development efforts because Indonesia's population tends to live in rural areas, significantly influencing efforts to create national stability (Sirajuddin, 2020).

The position of villages is considered strategic in national development because they serve as the basis for identifying community problems and planning and realizing national goals at the village level (Zhang & Zhang, 2020; Ella & Andari, 2018). Rural development aims to position villages as development platforms, thereby achieving the goal of reducing disparities. One way to encourage development at the village level is for village governments to be given the authority

by the central government to independently manage village-level areas through village-level economic institutions. One of these institutions is the Village-Owned Enterprise (BUMDes). Law No. 32 of 2004 concerning Regional Government states that villages can establish village-owned enterprises (BUMDes) according to their needs and potential.

Village needs and potential form the basis for establishing BUMDes as an effort to improve community welfare. The role of the village government in managing BUMDes includes establishing and participating in overseeing BUMDes work programs, particularly through collaboration in managing BUMDes revenues for community development and empowerment, such as providing business capital loans. Align with research from Pelealu et al. (2023), the involvement of village officials in BUMDes management includes supervision, control, and evaluation of BUMDes programs.

Village officials carry out the duties, functions, authority, and responsibility to manage and implement community aspirations, particularly in developing BUMDes. In implementing BUMDes, village governments have encountered several challenges, such as delays in disbursing funds used for BUMDes development. BUMDes (Village-Owned Enterprises) is a groundbreaking innovation for each village, designed to increase PADes (village-Owned Revenue). BUMDes emerged as a new approach to improving the village economy based on village needs and potential.

BUMDes management is entirely carried out by the village community from the village, by the village, and for the village (Nurfaisal et al., 2020; Purnomo et al., 2023). Efforts to improve the prosperity and well-being of the people require fair and balanced economic development. This is done at the village level, eliminating the need for dependence on the central government. Villages thus grow into powerful forces capable of leading communities toward prosperity and well-being. One innovation or breakthrough in this effort is the establishment of the BUMDes (Village-Owned Enterprise) program. BUMDes, or village-owned enterprises, are formed based on the village's needs and potential.

Regarding the BUMDes program in Lelato Village, Sumalata District, North Gorontalo Regency, the BUMDes in Lelato Village is called BUMDes Lelato Mandiri, with a total budget of Rp 55,000,000. This amount is divided into two business units: Rp. 12,250,000 for the chair and tent procurement business unit and Rp. 42,750,000 for the agricultural shop business unit. In line with the explanation above, according to Stufflebeam (2000), program evaluation is an assessment of the achievement of variations in performance indicators used to answer tasks. Furthermore, according to Lehtonen (2012), there are five program evaluation indicators: policy targets, non-policy objectives, conditions, and direct and indirect financing.

The issue requiring evaluation in the Lelato Village-Owned Enterprise Program in Sumalata District, North Gorontalo Regency, is the lack of community awareness regarding the development of BUMDes funds, due to the stagnation of community deposits related to withdrawals at the BUMDes Agricultural Shop. Furthermore, another issue within the Lelato Mandiri BUMDes is the lack of knowledge of BUMDes administrators regarding BUMDes financial management. The proposed programs, which have not yet been maximized, include the sale of staple foods and a water refill depot.

Currently, only the water refill depot business program is still running. Due to the lack of financial management, the results have not been optimal in improving the welfare of the village community. Based on the above background, this study focuses on how the implementation of village-owned enterprise programs affects the village economy in Lelato Village, Sumalata District, North Gorontalo Regency and what factors influence the implementation of village-owned enterprise programs on the village economy.

In accordance with the focus of the problem above, the purpose of this study is to determine the evaluation of the implementation of village-owned enterprise programs on the village economy in Lelato Village, Sumalata District, North Gorontalo Regency and to determine the factors that influence the implementation of Village-Owned Enterprise Programs on the Village Economy in Lelato Village, Sumalata District, North Gorontalo Regency.

Methods

Based on the problems encountered by the researcher at the research location, this study used a qualitative approach and descriptive research. According to Sugiyono (2018), the descriptive method with qualitative analysis is a method that functions to describe or provide an overview of the object of study through collected data or samples as is without conducting analysis and drawing conclusions that apply to the general public. The use of the descriptive method in this study is intended to provide an overview of the management of the BUMDes Business Unit in Lelato Village, Sumalata District, North Gorontalo Regency, and to determine whether it is optimal or not. The theory used in this study is according to Henry Fayol. The theory used in this study is according to Henry Fayol (Tanjung, p. 76) who in his book states that there are five management functions, namely: (1) Planning; (2) Organizing; (3) Commanding; (4) Coordinating; (5) Controlling. This study used research instruments/data collection using primary data collection obtained through direct interviews with informants and secondary data collection obtained through data related to observational results, including data that supports the primary data. Data in descriptive qualitative research is obtained from various sources using various data collection techniques (triangulation), and is carried out continuously until the data reaches saturation point (Daruhadi & Sopiati, 2024). Meanwhile, triangulation itself, according to Husnullail & Jailani (2024), is defined as a technique for checking the validity of data that utilizes something outside the data for checking or as a comparison against the data. Data analysis used in this study was conducted by systematically searching and organizing observation notes, interviews, and other information to improve the research understanding of the case under study. In this study, much data was obtained, especially from interviews. From these interviews, data was obtained regarding the management of clean water provision for low-income communities in Bone Bolango Regency.

Results and Discussion

The theory used in this research is according to Henry Fayol (Tanjung, p. 76) in his book who states that there are 5 management functions along with an explanation of each indicator.

Planning

Planning Function. According to Mintzberg (1981), planning can be defined as "the entire process

of thinking and carefully determining what will be done in the future in order to achieve predetermined goals." According to Tavo & Rasmus, (2024), "planning is a process of preparing a set of decisions to be implemented in the future and directed toward achieving specific goals." Planning that seeks to involve community interests must strive to uncover what lies beneath the surface, explore it thoroughly, and formulate it accurately to ensure it does not deviate from the desired objectives. This means that implementing participatory planning requires preconditions and transforming the community's awareness and skills, enabling them to break free from the tradition of silence and concealing underlying intentions. Unless this occurs, participation will be seen as merely a formality, while the real reality is one of hegemony and manipulation. Research indicates that planning indicators are the initial process in developing a program, with attention paid to ensuring that the program's achievements align with desired expectations. Similarly, the goal of establishing the Independent Village-Owned Enterprise (BUMDes) in Lelato Village is to improve the community's economy and the BUMDes development process so that it becomes a component of the village's original income, thereby making Lelato Village more independent, especially in village financial matters.

Organizing

The function of organizing, derived from the word "organize," means creating a structure with parts integrated in such a way that their relationships are bound by a relationship to the whole. Organizing is certainly different from organizing. Organizing is a management function and a dynamic process, while an organization is a static tool or framework. Organizing can be defined as determining the work to be done, grouping tasks and assigning them to each employee, establishing departments (subsystems), and establishing relationships. According to Prasetyo & Sukatin (2021), organizing is the act of establishing effective behavioral relationships between people so they can work together efficiently and thus gain personal satisfaction in carrying out specific tasks under specific environmental conditions to achieve specific goals or objectives. Research findings indicate that organizational indicators indicate that the implementation of the Lelato Independent Village-Owned Enterprise (BUMDes) program still requires significant attention from the government and relevant institutions. To implement planned programs, an organization needs a structure or interconnected components to ensure the program is implemented according to procedures and effectively operates within its respective roles. This is certainly still necessary for the Independent Village-Owned Enterprise (BUMDes). Therefore, the village government will play a role in enhancing the development of the Lelato Independent BUMDes in the future.

Commanding

The commanding function is the most important and dominant function in the management process. This function can only be implemented after a plan, organization, and employees are in place. Once this function is implemented, the management process of achieving goals begins. However, implementing this function is very difficult, complicated, and complex because employee desires cannot be fully met. This is because employees are living beings with thoughts, feelings, self-esteem, aspirations, and so on. The principles of direction (Ejimabo, 2015) aim to integrate individual goals with organizational goals, group goals with organizational goals, collaboration between leaders, participation in decision-making, effective communication, and

effective and efficient supervision. A simple definition of the directing function (Rizal et al., 2015) is to get or get employees to do what they want and should do.

According to Henry Fayol (Tanjung, 2020), direction is provided to provide guidance to Human Resources as employees within an organization or company so that these employees are able to complete their tasks properly. According to Lubis et al. (2024), direction is to encourage all group members to cooperate and work sincerely and enthusiastically to achieve goals in accordance with planning and organizational efforts. Researchers conclude that the direction function is an activity carried out by leaders within an organization to guide, motivate, and regulate all activities assigned to carry out a business activity. The results of the study indicate that indicators of direction are present in the development of an Independent Village-Owned Enterprise (BUMDes). This is evident in the role of the village government in providing capital participation in the BUMDes through a meeting to discuss the Lelato Village Budget (APBDes). This capital participation is carried out to develop the BUMDes as a village business unit to improve the economy of the Lelato village community.

Coordinating

According to Mustaki & Abdussamad (2025), coordination is balancing and motivating a team by assigning appropriate work activities to each member and ensuring that these activities are carried out in proper harmony among the members. Stephenson & Schnitzer (2006), stated that coordinating means binding together, uniting, and harmonizing all existing activities to achieve organizational goals. Good coordination can occur if each individual is aware of and understands their duties. They must understand that their tasks are actually instrumental in efforts to achieve organizational goals. Regarding organizational indicators, research results indicate that coordination is essential in every organization. This coordination function plays a crucial role from the planning process to the final reporting stage. The Lelato Mandiri Village-Owned Enterprise (BUMDes) consistently coordinates with the village government and village facilitators regarding program implementation. Furthermore, the village government is also involved in problem-solving because the BUMDes' finances are sourced from village funds. The thing that BUMDes administrators do most often is coordinate regarding BUMDes capital participation and reporting.

Controlling

The controlling function is the final function of the management process. This function is crucial and crucial to the implementation of the management process, and therefore must be carried out optimally. According to Lynn (1998), controlling means measuring and improving the work performance of subordinates so that plans made to achieve company goals can be implemented. Meanwhile, Coglianese & Lazer (2003), defines controlling as the process of regulating various factors within a company to ensure implementation aligns with regulations and plans. Lelato Village, Sumalata District, has a Village-Owned Enterprise (BUMDes) managed by a BUMDes Chairperson and several members. The establishment of the BUMDes in Lelato Village is expected to contribute to the rural economy. However, as a community organization, several problems still hamper its performance. Due to the hampered management of the Village-Owned Enterprise (BUMDes), the management has implemented policies related to management, including

tightening management procedures and establishing good management.

For communities involved in the Village-Owned Enterprise (BUMDes) program, the Village-Owned Enterprise (BUMDes) management will develop programs that include outreach, mentoring, and business supervision for the community. Despite several policies, the Village-Owned Enterprise (BUMDes) management system in Lelato Village remains inadequate and frequently faces problems. An evaluation of the Lelato Independent BUMDes (BUMDes) needs to be conducted. This is related to improving BUMDes performance in the future, thus achieving the goal of establishing an independent village through BUMDes. Based on the research findings, regarding the final indicator of management, namely control, it can be concluded that the implementation process of the Lelato Independent BUMDes program is inseparable from the controlling function. This function ensures that the BUMDes program is running according to the desired goals and includes evaluation for future program improvements.

Interviews revealed that the program's implementation has indeed proceeded according to plan. However, the BUMDes management encountered obstacles in the repayment of BUMDes capital due to the stalled payments from residents who had purchased agricultural supplies at the BUMDes Mandiri Lelato Agricultural Kiosk. This issue requires evaluation to prevent future delays. Furthermore, the most urgent issue is improving the capacity of BUMDes management. This is necessary because the management's resources are insufficient to meet the BUMDes' duties as a village business manager through village funds. BUMDes is a village business entity whose capital is invested through village funds. Therefore, BUMDes financial management must be based on applicable policies, especially the reporting process, which is a crucial aspect. This remains a significant challenge for the BUMDes Mandiri Lelato management. So far, the BUMDes' suboptimal financial reporting has been one of the obstacles to obtaining capital reinvestment from the village government.

Conclusion

Based on the results of the study, several conclusions can be drawn, namely that the BUMDes business unit in Lelato Village, Suamlata District has contributed to improving the community's economy. This was achieved through capital participation of Rp. 55,000,000 for the establishment of an agricultural KIOS that makes it easier for the community to find agricultural materials, and the supply of BUMDes income to the Village Original Income (PADesa). In addition to these various advantages, BUMDes in Lelato Village faces several obstacles, namely the lack of capital owned by BUMDes, the lack of human resource capacity in BUMDes management, the lack of community knowledge about BUMDes and the still minimal community participation in advancing BUMDes business units.

Suggestion

Lelato Village must improve the management of its BUMDes institutional structure, as the government should provide both material and non-material support to BUMDes. BUMDes is expected to expand and increase its contribution to the community, therefore BUMDes capital participation should be sufficient for the number of people in need. The community should contribute directly to the use and management of the ongoing BUMDes business units. The community is expected to utilize BUMDES optimally by adhering to the provisions made between

BUMDes management and the community.

References

- Abbott, J. (1995). Community participation and its relationship to community development. *Community Development Journal*, 30(2), 158-168. <https://doi.org/10.1093/cdj/30.2.158>
- Coglianesi, C., & Lazer, D. (2003). Management-based regulation: Prescribing private management to achieve public goals. *Law & Society Review*, 37(4), 691-730. <https://doi.org/10.1046/j.0023-9216.2003.03703001.x>
- Daruhadi, G., & Sopiati, P. (2024). Pengumpulan data penelitian. *J-CEKI: Jurnal Cendekia Ilmiah*, 3(5), 5423-5443. <https://doi.org/10.56799/jceki.v3i5.5181>
- Ejimabo, N. O. (2015). The influence of decision making in organizational leadership and management activities. *Journal of Entrepreneurship & Organization Management*, 4(2), 2222-2839. <http://dx.doi.org/10.4172/2169-026X.1000138>
- Ella, S., & Andari, R. N. (2018, October). Developing a smart village model for village development in Indonesia. In *2018 International Conference on ICT for Smart Society (ICISS)* (pp. 1-6). IEEE. <https://doi.org/10.1109/ICTSS.2018.8549973>
- Husnullail, M., & Jailani, M. S. (2024). Teknik pemeriksaan keabsahan data dalam riset ilmiah. *Jurnal Genta Mulia*, 15(2), 70-78.
- Lehtonen, M. (2012). Indicators as an appraisal technology: Framework for analysing the policy influence of the UK Energy Sector Indicators. In *Sustainable Development, Evaluation and Policy-Making*. Edward Elgar Publishing. <https://doi.org/10.4337/9781781953525.00020>
- Lubis, F. M., Soegiarto, I., & Haryono, K. (2024). Company Management: The Influence of Organizational Structure and Leadership on Team Performance. *International Journal of Economics (IJEK)*, 3(1).
- Lynn, B. E. (1998). Performance evaluation in the new economy: bringing the measurement and evaluation of intellectual capital into the management planning and control system. *International Journal of Technology Management*, 16(1-3), 162-176. <https://doi.org/10.1504/IJTM.1998.002654>
- Mintzberg, H. (1981). What is planning anyway?. *Strategic Management Journal*, 2(3), 319-324.
- Mustaki, W., & Abdussamad, Z. (2025). The Influence of Coordination on Employee Work Effectiveness. *International Journal of Economics and Business*, 1(03), 107-115.
- Nurfaisal, M. D., Mutiarin, D., Saputra, H. A., & Latif, I. R. (2020). Smart village accountability: Comparative study in management BUMDes Tirta Mandiri and BUMDes Giritama as a village income earner in 2018. *Jurnal Ilmu Pemerintahan: Kajian Ilmu Pemerintahan dan Politik Daerah*, 5(1), 20-46. <https://doi.org/10.24905/jip.5.1.2020.20-46>
- Nurman, N., Sujianto, S., Saputra, T., & Prayuda, R. (2020). Participatory Village Development

- Planning Model. *PalArch's Journal of Archaeology of Egypt/Egyptology*, 17(5), 324-336.
- Pealeu, D. R., Areros, W., & Tulusan, F. M. (2023). Supervision of Village-Owned Enterprises (Bumdes) Management In Improving The Community's Economy In Touluaan District, Southeast Minahasa Regency. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 7(1). <https://doi.org/10.29040/ijebar.v7i1.8123>
- Prasetyo, M. A. M., & Sukatin, S. (2021). Aspek Psikologis Organisasi Pendidikan Efektif. *ITQAN: Jurnal Ilmu-Ilmu Kependidikan*, 12(1), 83-102. <https://doi.org/10.47766/itqan.v12i1.182>
- Purnomo, S., Darwin, M., Abdullah, I., & Susilastuti, D. H. (2023). Collaboration Strategy for Building Village Communities through Economic Empowerment in BUMDes Business Units. *Interdisciplinary Social Studies*, 2(4), 1854-1865. <https://doi.org/10.55324/iss.v2i4.402>
- Rizal, A. A. F., Chasani, S., & Warsito, B. E. (2015). *Hubungan pelaksanaan fungsi manajemen kepala ruang dengan motivasi perawat pelaksana dalam memberikan layanan keperawatan di ruang rawat inap RSUD Kota Semarang* (Doctoral dissertation, Faculty of Medicine).
- Schafft, K. A. (2016). Rural education as rural development: Understanding the rural school–community well-being linkage in a 21st-century policy context. *Peabody Journal of Education*, 91(2), 137-154. <https://doi.org/10.1080/0161956X.2016.1151734>
- Sirajuddin, T. (2020, February). Rural development strategies in Indonesia: Managing villages to achieve sustainable development. In *IOP Conference Series: Earth and Environmental Science* (Vol. 447, No. 1, p. 012066). IOP Publishing. <https://doi.org/10.1088/1755-1315/447/1/012066>
- Stephenson Jr, M., & Schnitzer, M. H. (2006). Interorganizational trust, boundary spanning, and humanitarian relief coordination. *Nonprofit management and leadership*, 17(2), 211-233. <https://doi.org/10.1002/nml.144>
- Stiglitz, J. E. (2002). Participation and development: Perspectives from the comprehensive development paradigm. *Review of development economics*, 6(2), 163-182. <https://doi.org/10.1111/1467-9361.00148>
- Stufflebeam, D. L. (2000). Foundational models for 21st century program evaluation. In *Evaluation models: Viewpoints on educational and human services evaluation* (pp. 33-83). Dordrecht: Springer Netherlands. https://doi.org/10.1007/0-306-47559-6_3
- Sugiyono. (2018). *Metode Penelitian Kuantitatif Kualitatif Dan R&D*. Bandung: Alfabeta
- Tanjung, B. N. (2020). Human resources (HR) in education management. *Budapest International Research and Critics in Linguistics and Education (BirLE) Journal*, 3(2), 1240-1249. <https://doi.org/10.33258/birle.v3i2.1056>
- Tavo, K., & Rasmus, R. (2024). The role of planning in management: Strategies to achieve organizational success. *Sharia Oikonomia Law Journal*, 2(2), 106-115.

Zhang, X., & Zhang, Z. (2020). How do smart villages become a way to achieve sustainable development in rural areas? Smart village planning and practices in China. *Sustainability*, 12(24), 10510. <https://doi.org/10.3390/su122410510>