

# **Analysis Of The Determinants Of The Growth And Development Of Bumdes Karya Maju Cemerlang In Apung Village, Tanjung Selor District, Bulungan Regency, North Kalimantan, Indonesia**

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## **Abstract.**

*Village-Owned Enterprises (BUMDes) are one of the important instruments in building the economy at the village level. This study aims to analyze the determinant factors that affect the growth and development of BUMDes Karya Maju Cemerlang with a qualitative approach. Through observation, interviews and documentation studies on BUMDes Karya Maju Cemerlang, it was found that leadership factors, community participation, government policies, and access to resources are the main factors that determine the success of BUMDes. This article provides insight into the importance of synergy between Stakeholders to increase the role of BUMDes in sustainable village development*

**Keywords:** BUMDes, Village development, determinants.

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## **1. INTRODUCTION**

Village-Owned Enterprises (BUMDes) are one of the important instruments in efforts to empower rural communities and develop the local economy in Indonesia. Since the enactment of Law Number 6 of 2014 (Government Regulation of the Republic of Indonesia) about villages, BUMDes is expected to be a driving force for the village economy by utilizing the potential of local resources. However, the growth and development of BUMDes does not always run smoothly. Various challenges and obstacles often hinder the outreach of BUMDes, so it is important to understand the determinants that affect the growth and development of BUMDes.

The determination of the development of BUMDes can be seen from various aspects, both internal and external factors. Internal factors include the quality of human resources (HR) of BUMDes managers, leadership, management and community participation. Good quality of human resources will contribute to the effectiveness of business managers, while strong leadership can encourage the motivation and

involvement of members in BUMDes activities. On the other hand, active community participation is also very important to create a sense of ownership and responsibility for business sustainability.

External factors that affect the development of BUMDes include government support, economic conditions, infrastructure and existing policies. Support from the government, both central and regional, has a great influence on the sustainability of BUMDes. Supportive policies will provide access to BUMDes to get the capital and training needed. In addition, economic conditions at the local level also play an important role in determining the market potential for products produced by BUMDes.

Research by Rosidah (Rosidah et al., 2024), the success of BUMDes is influenced by a number of factors such as leadership, human resources, transparency and accountability. The study indicates that although some factors such as communication do not have a significant influence, attention is still needed to these aspects to improve the overall performance of BUMDes.

Another obstacle that is often faced by BUMDes is the lack of understanding of business management and financial management. Many BUMDes managers do not have adequate knowledge on how to manage their businesses effectively, so this has an impact on business performance and productivity. Therefore, training and education for BUMDes administrators are urgently needed to increase their capacity in carrying out their duties.

This study aims to analyze the main determinants that affect the growth and development of BUMDes Karya Maju Cemerlang. With a qualitative descriptive method, this study identifies internal and external factors that contribute to the success or failure of BUMDes Karya Maju Cemerlang.

## **II. METHODS**

This study uses a descriptive qualitative approach. Data was collected through in-depth interviews with BUMDes administrators, village heads, and local communities. In addition, field observations were also carried out to understand the actual conditions of the management of BUMDes Karya Maju Cemerlang. Documentation in the form of financial reports, general legal administration, and annual activity reports are also used as supporting data (Sugiyono, 2014).

The location of the research was carried out in the Karya Maju Cemerlang Village-Owned Enterprise, Apung Village, Tanjung Selor District, Bulungan Regency, North Kalimantan Province. The reason for choosing BUMDes Karya Maju Cemerlang as the research location is because it is one of the regions that has BUMDes running. The survey period is September 2023 to December 2024.

The purpose and purpose of the establishment of BUMDes Karya Maju Cemerlang is to run businesses in the fields of: Trade, agriculture, livestock, rent, services, and tourism. In order to manage business, utilize assets, develop investment,

and productivity, provide services and/or provide other types of businesses for the maximum welfare of the village community, Apung Village which established Apung BUMDes.

Data analysis techniques involve data reduction, data presentation in the form of thematic narratives, and drawing conclusions based on patterns that emerge from the results of interviews and observations, internships, and documentation.

### **III. RESULT AND DISCUSSION**

In managing Village-Owned Enterprises (BUMDes), the managers of BUMDes Karya Maju Cemerlang encounter several challenges that hinder effective operations and business growth. One of the most significant obstacles is the level of community participation, which plays a crucial role in determining the success of BUMDes initiatives. Ideally, active community involvement ensures that the enterprise receives sufficient support, both in terms of resource mobilization and local engagement. However, in this case, the low level of community involvement has resulted in limited contributions, reduced stakeholder commitment, and a general lack of enthusiasm toward the development programs implemented by BUMDes. This lack of support not only affects the financial sustainability of the enterprise but also impacts its ability to fulfill its social and economic objectives. Without strong community engagement, initiatives such as product development, market expansion, and service improvements face difficulties in gaining traction, ultimately limiting the enterprise's potential to drive local economic growth and empower rural communities. Therefore, increasing community awareness, fostering collaboration, and implementing participatory decision-making strategies are essential steps to enhance the effectiveness of BUMDes Karya Maju Cemerlang. (Nabil Nadhif et al., 2021).

Leadership, management, and governance are the basic factors that support the health and sustainability of Village-Owned Enterprises will quickly die. Study (Galang & Hafiez, 2023) also emphasized: among the managers of Village-Owned Enterprises (directors, commissioners, and supervisory bodies) there has not been an ideal realization as a condition for the growth and development of Village-Owned Enterprises. There are still suspicions between the administrators and others because there is no good communication. Likewise, financial administration problems are often a trigger for problems, for village assistants, financial administration chaos is the beginning of chaos for Village-Owned Enterprises.

Suharyanto Hastowiyono in his book (Development & Society, n.d.) explained, of all the problems within the scope of the management of Village-Owned Enterprises, the most serious is the quality and capacity of the director. The character of a person who makes him elected as a director does not necessarily guarantee the existence of entrepreneurial capacity.

Managing Village-Owned Enterprises (BUMDes) effectively requires addressing several key challenges that significantly impact business operations and sustainability. Among these challenges, the quality of human resources, government support, business capital, product marketing, and community involvement play crucial roles in determining the success of BUMDes initiatives.

One of the primary factors affecting BUMDes' effectiveness is the competence of its administrators. Many BUMDes managers lack adequate managerial skills, particularly in financial management, business strategy, and organizational leadership. Without a strong foundation in these areas, decision-making processes become inefficient, leading to operational inefficiencies and missed opportunities for business growth. Additionally, limited training and capacity-building programs further exacerbate the issue, making it difficult for administrators to adapt to changing market conditions and implement innovative business strategies. Therefore, providing continuous training, mentorship, and access to knowledge-sharing platforms is essential to enhance the capabilities of BUMDes administrators (Wijaya Murti, 2010).

Government support plays a vital role in the development of BUMDes businesses. Policies, regulations, and financial assistance provided by the government can significantly ease the burden of administrative and operational challenges. Regulatory frameworks that encourage transparency and good governance help establish trust between BUMDes, the government, and the community. Additionally, funding support in the form of grants, subsidies, or low-interest loans allows BUMDes to invest in business expansion, infrastructure, and workforce development. However, inconsistent policy implementation and bureaucratic obstacles often hinder the effectiveness of government support, requiring a more streamlined and accessible approach to ensure that BUMDes can fully benefit from available resources (Bera, 2023).

Access to capital remains a fundamental challenge for many BUMDes, particularly those operating in rural areas with low Local Village Revenue (PADes). Limited financial resources restrict business expansion, technological adoption, and operational improvements. In Apung Village, for instance, the lack of sufficient business capital forces BUMDes to operate with minimal resources, affecting productivity and service quality. To overcome this challenge, BUMDes can explore alternative financing options such as partnerships with private investors, crowdfunding, or cooperative-based financing models that leverage community resources. Strengthening financial literacy among BUMDes administrators can also help in managing available funds more efficiently (Bera, 2023).

Another critical issue faced by BUMDes is ineffective marketing strategies, which hinder efforts to increase business income. Many BUMDes struggle to compete with larger businesses due to limited market reach, inadequate branding, and weak promotional activities. Additionally, the lack of access to digital marketing platforms

further restricts their ability to attract customers beyond local markets. To address this challenge, BUMDes must adopt innovative marketing strategies, such as leveraging social media, collaborating with e-commerce platforms, and participating in regional trade fairs to expand their market reach. Strengthening marketing capabilities through training and partnerships with marketing professionals can also significantly enhance business performance.

Community involvement is a key determinant of BUMDes' long-term success. When community members actively participate in the management and development of BUMDes, a strong sense of ownership and responsibility is cultivated. This is in line with research by various scholars, which highlights that inclusive decision-making and participatory governance lead to better business outcomes and increased community support. Encouraging community engagement through regular consultations, transparency in financial reporting, and profit-sharing mechanisms can enhance trust and commitment to BUMDes initiatives. Without strong community involvement, BUMDes may struggle to sustain operations and achieve their intended socio-economic impact (Putra, 2023).

The leadership, managerial, and governance of Karya Maju Cemerlang Village-Owned Enterprises do not run as they should, due to the lack of quality and knowledge capacity possessed by a director in managing Village-Owned Enterprises, as well as limited existing human resources and knowledge of administrators in understanding the meaning of leadership, managerial and governance accompanied by a lack of adhering to the principles of management principles and experience in the management of Village-Owned Enterprises Karya Maju Cemerlang.

Regular HR training is needed to increase the capacity of managers. This is in accordance with the recommendations (Kelen & Bima, 2023). The readiness of human resources of Village-Owned Enterprises does not run properly, due to the lack of quality and knowledge capacity possessed by BUMDes managers. As well as limited existing resources and knowledge of the management in understanding emotional management, business planning and management, making and preparing financial administration, adaptation to technology, to other operational techniques accompanied by a lack of experience in organizing and understanding of BUMDes itself (Pantiyasa & Supartini, 2016).

Supportive government policies provide opportunities for BUMDes to develop rapidly. For example, legal status through the Job Creation Law provides flexibility in running a business (Field et al., 2021). Surveillance of capital sources is needed to reduce dependence on village funds. Research by (Lukmawati et al., 2020) Suggesting local investment-based capital management as a solution. Product marketing is an important factor in the growth and development of BUMDes. By implementing effective marketing strategies, such as utilizing social media, building strong branding, and collaborating with other parties, BUMDes can increase market access and product

sales. This will have a positive impact on the welfare of the village community and business sustainability.

#### **IV. CONCLUSION**

Based on the discussion in the previous section regarding the factors that hinder the growth and development of Karya Maju Cemerlang Village-Owned Enterprises (BUMDes), it can be concluded that BUMDes, as a business institution managed by the village, plays a crucial role in advancing the local economy by fostering sustainable economic growth, creating job opportunities, and improving the community's quality of life through tailored services. However, several challenges impede its progress, including low community participation, which affects business continuity due to a lack of ownership and responsibility among residents. Strong leadership is essential in motivating and involving members in BUMDes activities, while the quality of human resources directly impacts the effectiveness of business management, necessitating enhanced training for administrators. Additionally, government support, both central and regional, is a key factor in BUMDes development, with policies such as village fund allocations and capacity-building programs being vital for operational efficiency. Limited access to business capital remains a major obstacle, restricting investment in business expansion and market reach. Furthermore, ineffective marketing strategies hinder product sales, emphasizing the need for digital marketing tools and promotional events to enhance public awareness and increase revenue. Addressing these factors through collaborative efforts between the government, community, and BUMDes administrators is crucial for ensuring the long-term sustainability and success of Karya Maju Cemerlang BUMDes.

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