

The Strategic Role of BUMDes in Empowering the Community Economy of Wukirsari Village, Bantul Regency

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Abstract.

Badan Usaha Milik Desa thereafter called BUMDes is an alternative to improve the rural economy. Unfortunately, however, the position of BUMDes had not been governed completely by existing legislation. Another more complex problem is choosing the appropriate management for establishing BUMDes. The success of this village-owned enterprise not only lies in economic aspects but also in the strengthening of social, cultural, and institutional aspects of the village.

Keywords: BUMDes; Rural economy; Enterprise.

I. INTRODUCTION

Village-owned enterprises (BUMDes) are village economic institutions formed based on the needs and potential of the village and managed independently by the community. The presence of BUMDes becomes one of the strategic steps in strengthening the village economy and creating economic independence for the society. BUMDes is strategically vital, which functions as a driving force for the village economy and the community welfare. The expectation with the existence of BUMDes is the formation of new businesses that are rooted in existing resources and the optimization of existing village community economic activities. On the other hand, there will be an increase in business opportunities to strengthen village autonomy and reduce unemployment.

BUMDes is a business institution engaged in the management of village economic assets and resources in order to empower village communities. The regulation of BUMDes is regulated in Article 213 paragraph (1) of Law Number 32 of 2004, which states that villages can establish village-owned enterprises according to the needs and potential of the village. In addition, it is also regulated in Government Regulation Number 72 of 2005 concerning Villages, which regulates BUMDes, which is in Article 78 - 81, Part Five concerning Village-owned enterprises, and the last one is in the Regulation of the Minister of Home Affairs Number 39 of 2010 concerning Village-owned enterprises.

BUMDes aims to optimize the management of existing village assets, boost the village economy, and improve the community welfare. BUMDes businesses are profit-oriented. The nature of its business management is openness, honesty, participation, and fairness. The functions of BUMDes are as a driving force for the village economy, a business institution that

generates Village Original Income (PADes), and a means to encourage accelerated improvement in the welfare of village communities.

BUMDes is expected to make the village more independent and its people more prosperous. However, considering that BUMDes is still a new thing in its existence, it is inevitable that in practice, several obstacles arise precisely related to the process of its formation. First, there is no legal basis that covers the existence of BUMDes in the village. Although in fact the spirit to institutionalize BUMDes has been mandated and covered implicitly by the issuance of Law Number 8 of 2005 concerning amendments to Law Number 32 of 2004 concerning Regional Government, as mandated in Chapter VII, Part Five, which states that the Village Government can establish a village-owned enterprise according to the needs and potential of the village with the expectation of increasing community and village income. As a follow-up to the implementation of the BUMDes establishment, based on Article 78 of Government Regulation Number 72 of 2005 concerning Villages, it is explained that the Regency/City Government needs to stipulate Regional Regulation (PERDA) concerning the Procedures for the Establishment and Management of Village-owned enterprises (BUMDes). The provisions, although somewhat late, are also accommodated in the technical regulations issued by the Minister of Home Affairs through Article 2 paragraph (1) of the Minister of Home Affairs Regulation Number 39 of 2010. However, in reality, the good intentions of the mandate of the Law and Government Regulations as well as the technical arrangements through the Minister of Home Affairs Regulation have not been welcomed by the District/City Governments, with the indication that there are no Regional Regulations governing the Procedures for Establishment and Management, and even if there is such Regional Regulation, it rarely refers to the Minister of Home Affairs Regulation Number 39 of 2010, which is indeed late in coming. Thus, increasing legality often will be hampered by the legal legitimacy of the BUMDes itself. Second, the legality of the right form of legal entity turns out to be a bigger problem for the establishment of BUMDes. Although in several districts/cities there are already Regional Regulations governing the Procedures for Establishing and Managing Village-Owned Enterprises (BUMDes). However, often in several of the Regional Regulations, there is an inaccuracy in choosing the right legal entity construction for BUMDes. Even the case that often occurs, BUMDes does not use a legal entity form, but "only" as a business entity that is not a legal entity. Whereas the provision of Article 78 paragraph (3) of Government Regulation Number 72 of 2005 concerning Villages states that the form of village-owned enterprises must be a legal entity. If the first problem regarding the formation of BUMDes can be overcome by revising the Regional Regulation that is not yet appropriate, then this second problem will not stop by revising the umbrella Regional Regulation but must fix the formation of the BUMDes legal entity in the form of right legal entity.

Wukirsari Village, located in Imogiri District, Bantul Regency, Special Region of Yogyakarta, is one of the villages that has succeeded in developing village-owned enterprises (BUMDes) as an instrument for economic development and community empowerment. Through BUMDes "Wukirsari Mandiri", this village shows how professional management of local potential can have a positive impact on the welfare of the community.

Local Potential Managed Independently

Wukirsari Village is widely known as a center for hand-drawn batik crafts. Almost every corner of the village is a place for batik production, both on a household and in business group

scales. Seeing this potential, the village government together with the community initiated the establishment of a BUMDes which not only focuses on the economic aspect but also on preserving local culture. BUMDes Wukirsari Mandiri then forms a business unit engaged in tourism and the creative economy. One of which is the management of the Wukirsari Batik Tourism Village, which provides batik education services, batik training, and cultural tourism packages. In addition, BUMDes manages homestays and the Wukirsari souvenir center.

The head of BUMDes activities in Wukirsari Village is Mr. Andri Martono with 5 BUMDes activities, which are *Warung Kopi Pojok*, *Pangkalan Gas*, *Resto* which is applied with catering for the Embung Imogiri tourist spot, and BUMDes Mini Market. The number of employees is 4 people, one director, one treasurer, and one secretary.

Strategic Role in Community Empowerment

The existence of BUMDes has opened up employment opportunities for villagers, especially women and young men. Through business management training, digital marketing training, and mentoring of MSMEs, BUMDes has become the driving force behind village economic transformation. For communities that have superior products, BUMDes also functions as a means of promotion and distribution. For example, by providing a display case for local products in strategic places that are often visited by tourists.

Problem

Despite its great potential, Wukirsari Village previously faced several challenges in managing the village economy, including:

1. Lack of formal forums to manage village potential, such as cultural tourism.
2. Minimal market access and promotion of local products, especially from community-based MSMEs.
3. Limited human resources (HR) in the managerial and marketing fields.
4. Dependence on the informal sector without strong institutional support.

This condition leads to the village's potential not developing optimally and the result of community businesses having difficulty competing in a wider market.

II. METHODS

The research method used in this article was a qualitative research method using data collection techniques through unstructured interviews with village communities, field observations, and literature studies using journals, books, and related official websites. The validation technique used in this article was data triangulation from the data obtained through the three data collection techniques.

III. RESULT AND DISCUSSION

Discussion

Performance and Achievements

In recent years, BUMDes Wukirsari Mandiri has successfully recorded growth in assets and revenue. The report in 2024 shows that BUMDes revenue increased by 25% compared to the previous year, mostly from tourism business and sales of creative products. In addition, funds generated by BUMDes are also used to support social activities such as scholarships for

underprivileged children, small business capital assistance, and village mutual cooperation activities.

Government Support and Partnerships

The success of BUMDes Wukirsari cannot be separated from the support of various parties, including the Bantul Regency Government, the Community and Village Empowerment Service (DPMK), and partners from universities and the private sector. This collaboration strengthens the management system and expands market access.

Challenges and Hopes

Despite the progress, BUMDes also faces challenges such as limited managerial human resources, the need for product innovation, and competition in the tourism sector. However, with the spirit of collaboration and community commitment, BUMDes Wukirsari is optimistic that it will continue to develop and become an example for other villages.

Mapping the Potential of Wukirsari Village based on the Type of MSME owned

Based on its condition, the business or production activities carried out by the community in Wukirsari Village can be categorized as MSMEs because the type of business is not too large. Of the three types of MSMEs, the businesses owned by Wukirsari Village are generally classified as micro and small businesses. The micro-business in this case is in the food sector, where there are many people in Wukirsari Village who sell food as a livelihood. This food business itself is generally owned by individuals and only sold among the people of Wukirsari Village.

Then, the small business owned is in the textile sector, which also became one livelihood of Wukirsari Village. Several textile companies in Wukirsari Village have been able to export, so that the income generated is greater than the food business carried out individually by the community. In addition, the textile companies also absorb a larger workforce so that they can maximize the potential of human resources in Wukirsari Village.

Based on the mapping of MSMEs owned by Wukirsari Village, MSMEs that still have great potential to be developed are food MSMEs, which are still small scale. If MSMEs that are still categorized as micro are developed to be categorized as small, these MSMEs will absorb more workers and empower village communities, so that the village economy can increase in general. In developing MSMEs themselves, of course, it can only be done if all parties, the community as human resources, business actors as business owners, and the government as the party issuing policies, work together and collaborate. One form of cooperation and collaboration is by maximizing BUMDes.

Analysis of the BUMDes Implementation of the Collaborative Governance Model in Wukirsari Village

To develop MSMEs in Wukirsari Village, BUMDes acts as a holding or parent of business units developed by the village community. The business units referred to in this case are businesses from:

1. *Warung Kopi Pojok BUMDes*, with a turnover of IDR 13-15 million per month, which consists of 20 suppliers.

2. *Pangkalan Gas*, which was established in 2022, with 70 gas packages with a turnover of IDR 5,000,000 per month.
3. Restaurant, which is catering managed by residents, with orders for boxed rice or snacks.
4. Tourism, Imogiri reservoir, besides tourism, is also used to reduce flooding (free entrance tickets and voluntary parking payments)
5. BUMDes Mini market, which was established in December 2024. Then again, the business unit in this BUMDes in its development efforts will be included in the third category, namely as a joint business activity that consolidates other types of local businesses.

The implementation of BUMDes as a holding company in this case is quite similar to holding companies at the national level (BUMN), the only difference is that in this case, BUMDes as a holding company can only be the parent company for business units in the village. The involvement that can be carried out by BUMDes as a holding company, for example, is one-stop product marketing by carrying the Wukirsari Village brand. Thus, BUMDes as a holding company can consolidate marketing activities for businesses in Wukirsari Village. However, once again, to realize BUMDes as a holding company, active participation and collaboration are needed from all related parties and stakeholders in Wukirsari Village. The following is the implementation of a series of collaborative governance processes that can be carried out to develop BUMDes in Wukirsari Village:

1) Face to Face Meeting

The meeting between all parties involved in the business units in Wukirsari Village, which are the community, business actors, and the government, is the first step in developing BUMDes. In this face-to-face meeting, the parties can coordinate regarding what steps need to be taken and what the role of each party is.

2) Building Trust

Building trust can begin with building communication between the various parties involved in Wukirsari Village, one of which is by holding face-to-face meetings as explained previously.

3) Commitment to the Process

After previously holding a meeting to build communication and trust between each party involved in Wukirsari Village, the parties must then commit to each other to implement this BUMDes. One form of this can be done by signing an MoU or other written agreement. This is to prevent the development of BUMDes from stopping in the middle of the road before achieving the expected results.

4) Mutual Understanding

The parties involved must standardize the understanding of BUMDes development as an effort to develop MSMEs in Wukirsari Village so that the village economy can increase. With this understanding, it is expected that all parties can work to achieve common interests, not personal interests.

Interim Results

The parties must also determine the target within a certain period for the development of BUMDes in Wukirsari Village. Besides being a form of encouragement and motivation, whether the target is achieved within a certain period or not can also be an evaluation of the BUMDes implementation so that it can be better in the future.

After observing the potential of Wukirsari Village, the results showed that the major strength of Wukirsari Village comes from the agricultural sector, especially in this case, rice. Based on information obtained from Mr. Hj. Dahlan, the owner of one of the mills in Wukirsari Village through interviews, it is obtained that the amount of rice production produced reaches 3 tons of rice/day. The amount produced is influenced by weather and soil condition factors. In addition, it is obtained information that the rice products produced in Wukirsari Village are unique compared to other rice products, which is that rice farming in Wukirsari Village uses less fertilizer and prioritizes its organicity.

Furthermore, related to rice production, one derivative that is also produced is bran. Bran, or more familiarly called *lunte* in Wukirsari Village, is a derivative of rice that can also be utilized. Initially, the people of Wukirsari Village only thought of utilizing bran as animal feed. In fact, in several international journals such as journals written by Listyani & Zubaidah (2015) and Tuarita, et al. (2017), it is stated that the nutrients contained in bran have many benefits, even more than rice itself which only contains carbohydrates that are filling. These benefits are lowering cholesterol, lowering blood pressure, and preventing diabetes.

This becomes the basis for the idea of utilizing bran by making it have a high economic value as a new business opportunity for Wukirsari Village. One of the processed products that can utilize bran is *opak*. *Opak* itself is food that is closely related to villages. In addition, *opak* is also considered one of the typical foods that is quite easy to make. This processed *opak bekatul* has quite promising potential to improve the village economy if it can become a typical food of Wukirsari Village, which is then widely known.

To realize this opportunity, educational activities were carried out for the people of Wukirsari Village through training to make *opak bekatul*. If the village community can make *opak bekatul* through the right process as expected, then this *opak bekatul* business can be started. This education included what bran is, what the benefits of bran, why it must be bran, and how the process of making it, which was expected to change the community's perspective on bran which was initially only considered functioning as an animal feed into a food ingredient that can be consumed and make healthy.

After the education was conducted, the village community who participated in the training gave a positive response by saying that they did not expect that the bran that they had been using as animal feed actually had many benefits. This education succeeded in providing new information to the people of Wukirsari Village.

The Industrial Revolution 4.0 is an era in which the internet is used to support almost all activities using the internet. In the transportation sector, for example, currently, many online motorcycle taxi platforms have emerged such as Go-Jek and Grab to provide convenience for users of transportation services by utilizing the Internet. With such platforms, people now only need to access the available application to order an online motorcycle taxi service, and the driver will come to take them to their destination. Convenience and practicality are the selling points of this application so that it can become a mainstay for the community. Besides transportation, the use of applications and the internet like this is also widely used in the trade sector or buying and selling transactions. This proves that as technology becomes more sophisticated, people often want more practicality and convenience in doing various things.

This excellent opportunity itself can be utilized in the development and optimization of BUMDes Wukirsari Village. With the current industrial revolution 4.0, the product that becomes the potential of Wukirsari Village should also be marketed online so that the scope of consumers or the market is wider. This is also supported by research conducted in 2013 that around 63 million people are internet users and 57% of them or around 36 million people are active in online shopping activities (Nisaputra, 2013; in Lestari 2015). For this reason, the innovation of creating an online store for products produced in Wukirsari Village has also been submitted to the BUMDes. The hope is that the products produced in Wukirsari Village will no longer only be traded among the people of Wukirsari Village, but more widely.

The effort to realize this idea is through educating BUMDes and the village officials of Wukirsari Village through the implementation of final workshop training and online market centralization training. It is expected that with this training, BUMDes development innovations through online stores can be implemented. The recommendation conveyed in the training for BUMDes is to create an online store through the Shopee platform. This platform was chosen because its operation is relatively easy and provides quite a lot of promotions that attract online shopping actors.

In the training, there were also several supporting materials presented, including material on what an online market is, why you should choose an online market, what the advantages and opportunities that BUMDes and Wukirsari Village business actors will get by utilizing online markets, recommendations for profit-sharing schemes that can be offered to BUMDes, as well as the mechanism for using the application starting from how to register to how to operate it.

With this training, BUMDes Wukirsari Village gained more knowledge as support for entering the world of online markets, especially in terms of online marketing. In addition, this training was also one of the factors that supports the success of their sub-district program, which is "technology-literate villages". The response from BUMDes and village officials to the training conducted was very positive, which was seen from the enthusiasm of BUMDes and village officials to ask questions in the question & answer session. Moreover, still related to the previous training, *opak bekatul* was also an interesting topic for BUMDes and village officials to discuss in an effort to develop online marketing innovations for BUMDes Wukirsari Village.

Follow-up Plan

In an effort to ensure the sustainability of BUMDes development in Wukirsari Village, several follow-up plans can be carried out:

1. Innovating in *opak bekatul* products by implementing PLC or product life cycle, which is a life cycle scheme of a product. This includes several stages, which are introduction, growth, maturity, and decline. Given that a product will decline without innovation, creating various new flavors such as lime leaf flavor or others is very necessary to extend the product growth period.
2. Conducting regular monitoring of the sustainability of *opak bekatul* sales through online stores run by BUMDes, village officials, and the Wukirsari Village community.
3. Conducting further discussions regarding the optimization of online stores.
4. Conducting data collection by BUMDes regarding products that are feasible and can be sold on e-commerce.

5. Continue to develop the marketing of Wukirsari Village products through the Wukirsari Village BUMDes online store in stages.

IV. CONCLUSION

BUMDes Wukirsari Mandiri shows that when communities are given space to manage local potential independently and professionally, the results can make big changes. The spirit of mutual cooperation, innovation, and active participation is the primary key to realizing an empowered and independent village.

1. Formation and Structure of BUMDes Wukirsari Mandiri

Responding to the challenges above, the village government together with community leaders formed BUMDes "Wukirsari Mandiri" as a village business entity tasked with managing and developing local potential. This BUMDes has an organizational structure that involves administrators from elements of the community, traditional leaders, and young men.

BUMDes Wukirsari Mandiri runs several strategic business units as follows:

- a) Wukirsari Batik Tourism Village provides batik education, cultural tours, and creative training.
- b) Wukirsari Homestay facilitates accommodation for tourists who want to experience living in the village.
- c) Gallery and souvenir shop sell local products such as hand-drawn batik, handicrafts, and traditional food.
- d) Microfinance services provide revolving loans to small business actors.

2. Social and Economic Impact

Since its establishment, BUMDes Wukirsari Mandiri has had a significant positive impact as follows:

- a) Increasing village income from the tourism and local trade sectors.
- b) Increasing new job opportunities, especially for housewives and young people.
- c) Increasing the selling value of local products through better branding and packaging.
- d) Empowering communities through training and business mentoring.

BUMDes also becomes a driving force for collaboration with various parties, such as universities, non-governmental organizations, and government agencies, to increase institutional capacity and business innovation.

3. Remaining Challenges

Despite many achievements, BUMDes Wukirsari Mandiri still faces several challenges as follows:

- a) The need to strengthen management capacity so that business units can develop more professionally.
- b) Competition with other tourist destinations that are more advanced and have more complete facilities.
- c) Dependence on the tourism sector, which is vulnerable to fluctuations in visits, especially post-pandemic or low season.

This service shows that BUMDes can be an effective tool for village economic transformation if managed professionally, inclusively, and sustainably. With cross-sector collaboration, BUMDes Wukirsari has the potential to grow into a leading BUMDes model in Bantul Regency and DIY in general.

BUMDes must be actively involved in recruiting entrepreneurs who can be involved in the collaboration of online product marketing centralization. In this process, BUMDes must also ensure the commitment of each business unit. This can be done, among other things, with BUMDes Wukirsari Mandiri being a concrete example of how villages can rise and develop through local potential management based on community participation. The success of this BUMDes lies not only in the economic aspect but also in strengthening the village's social, cultural, and institutional aspects. However, to maintain sustainability and increase competitiveness, efforts need to be made to strengthen human resource capacity, diversify businesses, and utilize digital technology in product promotion and marketing. In the future, BUMDes is expected to continue to be the main pillar in realizing independent and prosperous villages.

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