

Research Article

Analysis of Community-based Organizations in Village Economic Development in Barru Regency

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Abstract.

One of the government's efforts in building and developing the village economy is by providing autonomy rights to manage the potential and resources they have independently through community-based organizations such as Village-Owned Enterprises (BUMDes). This study aims to analyze the role of community-based organizations in developing the village economy in Barru Regency, using a qualitative descriptive approach with secondary data analysis method. The results indicate that BUMDes has a significant influence in developing the village economy, one of the indicators of which is the Village Development Index (IDM) value. However, the condition of BUMDes in Barru Regency has not been able to significantly contribute in developing the village economy. Only a few BUMDes have shown a positive trend in their development, while a number of other BUMDes organizations are experiencing stagnant conditions with various problems. This is proven in the results of the analysis of the annual report where out of 40 BUMDes in Barru Regency, only about 52% of BUMDes have active management, 35% are less active, and 13% are not active. Some of the challenges faced are the ability of human resources (HR) of management, determination of the type and business unit to be managed, the ability of the management to identify the local potential of the village that has not been maximized, the limited number of accompanying experts, which is the mechanism of supervision and budget support. Strategies that can be carried out are the need to increase the number of experts/assistants, increase the HR in administration in identifying the local potential of the village through training and mentoring, revitalization of administrators who are not/less active, diversification of businesses according to the potential and needs of the local community, collaboration with the private sector, optimization of supervisory tasks through monitoring, evaluation and periodic accountability reports. Some of the challenges faced in managing BUMDes are the abilities of the HR administrators, determining the types and business units to be managed, the suboptimal utilization of local village potential, and monitoring mechanisms and budget support. Strategies that can be taken to overcome these challenges are the need for expert assistance in conducting business and risk analysis, business diversification according to community needs, collaboration with the private sector, coaching and training for administrators, and optimization of supervisory tasks through monitoring, evaluation, and periodic accountability reports.

Keywords: community-based organizations, village economic development, BUMDes, Village Development Index (IDM)

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1. Introduction

In the context of the implementation of local government in accordance with the mandate of the Undang – Undang Dasar Republic of Indonesia in 1945, political and legal policies have been taken by the government towards local governments that can regulate and manage government affairs themselves, according to the principle of autonomy and the task of assistance is directed to accelerate the realization of community welfare through improving services, empowerment, and community participation, as well as increasing regional competitiveness, by considering the principles of democracy, equity, justice, privileges, and the specificity of a region in the system of the Unitary State of the Republic of Indonesia (NKRI).

The principles of democratization, equity and justice require the provision of participation to citizens in the system of government, including constitutional protection. In addition, in order to be efficient and effective in the implementation of local government, it is necessary to improve by paying more attention to aspects of the relationship between the structure of government and between local governments, the potential and diversity of regions, opportunities and challenges of global competition by giving the widest possible authority to the regions accompanied by the granting of rights and obligations to carry out regional autonomy in the unity of the state government implementation system.

In Undang - Undang 23 tahun 2014 concerning Local Government, which has undergone several changes, it provides the authority to implement local government, especially districts/cities, which leads to the dimensions of regulation, facilitation and public services. This is in accordance with the spirit of the concept of regional autonomy itself, namely democratization and community empowerment. It is re-adopted from the general principles of state administration, namely: the principle of legal certainty, the principle of orderly state administration, the principle of public interest, the principle of openness, the principle of proportionality, the principle of professionalism, the principle of accountability, the principle of efficiency, and the principle of effectiveness. The re-inclusion of the general principles of state administration in this Law is nothing but to strengthen the concept of *good governance* in the policy of decentralization and the implementation of regional autonomy.

Public implementation in the implementation of decentralization must emphasize the principles of *good governance* in regulatory functions, public services and community

welfare development. This means that public policies implemented in the public administration system in districts/cities really apply the principles of *good governance* and are oriented towards improving community welfare. Decentralization must be able to encourage community empowerment as a form of community participation approach in development. Consistency and control of policy formulation by the community will provide opportunities to increase community participation in a complete and comprehensive manner that can be accountable to the community as an object of public policy. Policy formulation must refer to the concepts of transparency, accountability, and the rule of law as indicators in assessing the success of a public policy formulation through consistent and accountable implementation in accordance with the organization's vision and mission.

The decentralization policy is only intended to replace the role of the central government in the regions without making changes to the social transactions that occur, so it is very difficult to expect a positive effect from the public policy, therefore improving the quality of public services is a determining factor in the implementation of decentralization. The implementation of government, development and public services according to the *good governance* paradigm, in the process is not only carried out by local governments based on the *rule government* (legality) approach, or only for the benefit of local governments. The paradigm of *good governance* prioritizes processes and procedures, where in the process of preparation, planning, formulation and preparation of a policy always prioritizes togetherness and is carried out by involving all stakeholders. The involvement of stakeholders in the bureaucratic environment is very important, because they are the ones who have the competence to support the success in the implementation of policies. Community involvement must also be carried out, and there should be no formalities, the screening of community aspirations to stakeholders is carried out optimally through various techniques and activities, including in the process of formulating and writing policies.

The development of the economic base in rural areas has been carried out by the government for a long time through various programs. However, these efforts have not yielded satisfactory results as desired by all. One of the most dominant factors is that the Government's intervention is too large, as a result of which it actually hinders the creativity and innovation of rural communities in managing and running the economic machine in rural areas. The economic institutional system and mechanism in rural areas are not effective and have implications for dependence on government assistance, thus killing the spirit of independence. Learning from past experiences, one new approach

that is expected to be able to stimulate and move the wheels of the economy in rural areas is through the establishment of economic institutions that are fully managed by rural communities. This economic institution is no longer established on the basis of government instructions, but must be based on the wishes of the village community which departs from the existence of potential which, if managed properly, will improve the economy, competitiveness and welfare of the people.

The existence of BUMDes in 40 (forty) villages in Barru Regency is expected to be a driver of the economic sector and people's welfare. However, a case study in Tanete Riaja District that has been conducted by the researcher shows that several points related to the implementation of Barru Regency Regional Regulation Number 11 of 2011 concerning Guidelines for the Establishment and Management of BUMDes have not been fully implemented, including the determination of the type of business that is not through a study based on the results of interviews and document reviews carried out previously.

2. Research Methodology

This study uses a qualitative descriptive approach with secondary data analysis. The researcher analyzed data from journals/articles as a result of the research and several institutional administrative documentary data such as BUMDes reports reported to the relevant agencies. Data collection techniques by conducting a review of books, articles, journals, reports and other literature related to the role of community-based organizations in improving the village economy, more specifically in Barru Regency. The organization engaged in the village economy in question is Village-Owned Enterprises (BUMDes).

3. Results and Discussion

3.1. Village Economic Development

Developing the village economy can be done by making the economy independent so that the village community can prosper through village government services as a driving force. According to Widjaja [1], rural economic development is a process in which village governments and communities manage existing resources and form a partnership pattern between village governments and the private sector to create new

jobs and stimulate the development of economic activities (economic growth) in the region. The main goal of rural economic development is to create an environment that allows people to enjoy a creative, healthy life and also have a high life expectancy. To realize these goals, there are principles of rural economic development, which include:

1. Transparency (openness). There must be transparency in terms of development management, including in terms of funding, cadre selection, system development, program implementation, and so on.
2. Participation. Active participation is needed from all elements of the village community.
3. It can be enjoyed by the community. The goals of economic development must be appropriate so that the results can be enjoyed by the entire community.
4. Accountable (accountability). The planning, implementation and evaluation process carried out must be accountable, in the sense that there are no irregularities.
5. Sustainable. The program that is designed must be able to take place continuously or continuously, so that the improvement of the welfare of the village community lasts permanently, and not just at one time.

The concept of village economic development must really rely on the strength of the village community. The potential possessed by the village must really be the root in the economic development of the village. The potential of natural and human resources in the village must be a source of strength in building the village economy. Programs between the central government, provincial/regency/city governments must synergize and strengthen the needs in the village. One example is for example in establishing BUMDesa. Whether the establishment of BUMDes with its business units is based on the analysis of the needs of the village community or not. If the establishment of BUMDes is not based on the needs of the village community, it will be useless, even when it is very difficult to develop.

1. Village

The term *village* according to Ultari and Khairunnurrofik [2] refers to a legal community unit whose original structure is based on special inherent rights. Meanwhile, R. Bintarto in [3] suggests that a village is the result of geographical, social, political, and cultural expressions that exist in a region and are interconnected with other regions. According to Sutardjo Kartohadikusumo, a village is a community group that has its own laws,

possesses a specific territory, and has the right to manage its own household affairs. According to the *Kamus Besar Bahasa Indonesia* (Great Dictionary of the Indonesian Language), a village is a territorial unit consisting of many families with a self-governing system (led by a village head), or it is a cluster of houses outside the city forming a unified entity. In Law Number 6 of 2014, a village and customary village (or other names by which they are known) are defined as: “a legal community unit with territorial boundaries that is authorized to regulate and manage governmental affairs, the interests of the local community based on community initiatives, original rights, and/or traditional rights that are recognized and respected within the system of government of the Unitary State of the Republic of Indonesia.”

2. Indicators of Village Economic Development

According to experts, village economic development includes increasing per capita income, reducing poverty levels, improving access to basic services, and enhancing the quality of life of the community. In addition, other important indicators include local economic growth, economic diversification, increased community participation in development, and the existence of effective Village-Owned Enterprises (BUMDes). Meanwhile, the Village Index is a strategic indicator used to assess the level of progress and self-reliance of a village. In the context of sustainable development, this data collection is conducted to identify the village's development status based on six key dimensions:

1. Basic Services
2. Social
3. Economy
4. Environment
5. Accessibility
6. Village Governance

3. Village-Owned Enterprises (BUMDes)

Based on Undang-Undang Number 23 of 2014 Article 87 paragraph (1) concerning Local Government, it is stated that Village-Owned Enterprises (BUMDes) are established by the village government to utilize all economic potential, economic institutions, as well as natural and human resources in order to improve the welfare of the village community. BUMDes cannot be equated with legal entities such as limited liability

companies, CVs, or cooperatives. Therefore, BUMDes is a business entity with village-specific characteristics, which, in addition to supporting the administration of the village government, also aims to meet the needs of the village community. BUMDes may also carry out service, trade, and other economic development functions.

To increase village income sources, BUMDes can collect savings on a local scale from the village community, for example through the management of revolving funds and savings and loan programs. BUMDes activities are not solely profit-oriented but are also focused on supporting improvements in the welfare of the village community. BUMDes is expected to develop business units that harness economic potential. If the business activities are well-managed and grow successfully, BUMDes may eventually adopt a legal entity status as regulated by law. BUMDes is managed in a spirit of togetherness.

According to the Undang-Undang of the Republic of Indonesia Number 6 of 2014 concerning Villages: "Village-Owned Enterprises, hereinafter referred to as BUMDes, are business entities whose capital is wholly or mostly owned by the village through direct investments originating from separated village assets to manage assets, service provision, and other businesses for the greatest possible welfare of the village community."

According to the Center for the Study of Development System Dynamics (2007), Village-Owned Enterprises (BUMDes) are village business institutions managed by the community and village government in an effort to strengthen the village economy and are established based on the needs and potential of the village. As one of the economic institutions operating in rural areas, BUMDes must differ from conventional economic institutions. This is intended to ensure that BUMDes can significantly contribute to improving the welfare of village residents and to prevent the development of capitalist business systems in rural areas, which could disrupt community values.

There are seven (7) main characteristics that differentiate BUMDes from commercial economic institutions:

1. The enterprise is owned by the village and managed collectively;
2. Business capital originates from the village (51%) and the community (49%) through capital participation (shares or equity)
3. Operations are based on a business philosophy rooted in local culture (local wisdom);

4. Business sectors are chosen based on potential and market information;
5. Profits are used to improve the welfare of capital contributors and the community through village policy;
6. It is facilitated by the central government, provincial government, district government, and village government;
7. Operations are jointly supervised (by the Village Government, Village Consultative Body, and members).

Based on the explanation above, the writer concludes that BUMDes refers to a business entity jointly established by the community and village government, managed by both parties, aimed at generating collective profits as a source of Village Original Revenue and enhancing the welfare of the village community.

According to Syata [4], BUMDes must engage in collaboration between the government and the private sector in providing training and development for members. Furthermore, BUMDes must be able to identify and manage village potential effectively into quality products. Research by Syahrir, [5] shows that BUMDes has a significantly positive relationship in improving village development. This is reflected in higher average values of the Village Development Index (IDM) in villages with BUMDes compared to those without.

According to Samsibar, Adrianah and N. Asmillah [6], the strategies needed to form BUMDes include partnerships with the private sector, business diversification based on community needs, expert assistance, and public awareness campaigns about BUMDes. If BUMDes' financial management aligns with development goals, the village government will provide budgetary and financial support as business capital.

The dynamics of technological advancement must also be well-understood and utilized by BUMDes managers. Social media has become a marketing tool to disseminate information and serves as a solution for BUMDes to promote products to the public, thereby maximizing revenue [7]. Meanwhile, Rahmatullah [8] found that BUMDes has great potential as a key driver in strengthening the local economy through various programs and innovations. Various business opportunities and village potentials can be managed by BUMDes as part of efforts to drive economic and social changes in rural communities [9].

Research conducted by Mutia [10] indicates that the general requirements and mechanisms for establishing BUMDes have been implemented in accordance with applicable regional regulations. However, some aspects still need improvement, such as overlapping roles among BUMDes managers, business types that are not based on comprehensive analysis and assessment, and the underutilized Village Meeting as an accountability forum for BUMDes managers. Moreover, support in budgeting and expert assistance must be a key focus, since BUMDes is a village economic institution whose managers, drawn from the local community, still require guidance and direction.

In addition, the support of budgeting and assistance from the Expert Team needs to be the focus of attention because BUMDes is a village economic institution whose management is from community members who still need to get guidance and direction. Research conducted by Rahmatullah [8] shows that the Sipurennutta Village-Owned Enterprise in Lasitae Village has performed. of the 5 indicators used have provided good performance, although the Benefit/Benefit and Impact/Impack indicators need to be considered and improve their performance. The focus of the research is the performance of BUMDes which is analyzed using 5 indicators according to the State Administration Institution (2003:13) and Indra Bastian (2006:267), namely Inputs, Outputs, Outcomes, Benefits and Impacts. Research conducted by Samsibar, Adrianah and N. Asmillah [6], found that the Level of Community Participation in the management of Village-Owned Enterprises (BUMDes) in Kading Village, Tanete Riaja District, Barru Barru Regency, has a participation rate as evidenced by the various types of existing businesses, while the inhibiting factor is the lack of funds provided by the Government for business management in the development of Village-Owned Enterprises (BUMDesa). Meanwhile, Firmansyah [11] found that the effectiveness and efficiency of BUMDes financial management in Tanete Riaja District, Barru, has not been effective. This statement is based on the fact that BUMDes have not been able to make the village a financially independent village. Analysis of secondary data in the form of semester reports and annual reports obtained from the Barru Regency Community Empowerment Expert Team (TAPM) as of December 31, 2024 shows that of the 40 (forty) registered villages, 39 have become legal entities through a notary deed, with details: 21 (twenty-one) whose administrators are active, 14 (fourteen) are less active and 5 (five) BUMDes administrators are inactive. In addition, there are 7 (seven) villages that have excellent tourism potential but have not been managed by BUMDes properly. There are 6 villages that have the potential to develop plantation commodities (tobacco, pine) and cattle farming, but BUMDes have not been able to take advantage of these opportunities. Another problem is that

there are 5 (five) villages that are considered not to have received optimal budgeting support from the village government through village funds, as well as other problems such as poor administrative management and business and institutional organization that has not been maximized. Another finding is that there are 9 (nine) villages whose contribution to Village Original Income is zero (zero), there are 4 (four) villages that are minus because the amount of operational expenditure is greater than the income. There are also villages that have received a budget of up to 900 million but the contribution to PADes (Village Original Income) is only at 39 million or only 4.3 percent of the PADes contribution during managing the village budget is less than

4. Conclusion

Village-Owned Enterprises (BUMDes) have a very important and vital role in improving the economy in the village. As a village economic institution, it is expected to contribute to the welfare of the community and increase the Village Original Income (PADes). BUMDes must be able to create job opportunities for the community with various innovations and services so that assistance by competent experts is needed. Studies show that BUMDes have a significant positive influence in improving village development. This is shown by the average value of the Building Village Index (IDM) of villages that have BUMDes higher than those that do not have Village-Owned Enterprises (BUMDes). However, the condition of BUMDes in Barru Regency has not been able to show a significant contribution in developing the village economy. There are only a few BUMDes that show a positive trend in their development, while a number of other BUMDes organizations are experiencing stagnant conditions with various problems. This is proven in the results of the analysis of the annual report where out of 40 (forty) BUMDes in Barru Regency, only about 52 percent of BUMDes have active management, 35 percent of BUMDes whose management is less active and 13 percent of BUMDes whose management is not active. Some of the challenges faced are the ability of human resources (HR) of management, determination of the type and business unit to be managed, the ability of the management to identify the local potential of the village that has not been maximized, the limited number of accompanying experts, which is the mechanism of supervision and budget support. Strategies that can be carried out are the need to increase the number of experts/assistants, increase the human resources of administrators in identifying the local potential of the village through training and mentoring, revitalization of administrators who are not/less active, diversification of

businesses according to the potential and needs of the local community, collaboration with the private sector, optimization of supervisory tasks through monitoring, evaluation and periodic accountability reports

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