

Governance of Village-Owned Enterprises (BUM Desa) in Achieving Village Resource Independence in Bogor District

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ABSTRACT

Village-Owned Enterprises (BUM Desa) were established as instruments to enhance village resources, as mandated by Law No. 6 of 2014 on Villages. This study aims to analyze village potential, identify priority business areas for BUM Desa, and evaluate the governance practices implemented to support the economic independence of village resources. Adopting a descriptive qualitative approach, data was collected from both primary and secondary sources. The research focuses on BUM Desa entities within Bogor Regency, specifically BUM Desa Citra Wangi in Dramaga District, BUM Desa Sehati in Citeurep District, and BUM Desa Singasari Mandiri Energi in Jonggol District. The findings indicate that village potential identification was not fully aligned with local resource policies, particularly regarding the effective utilization of village assets and the empowerment of communities as economic drivers. Business priorities within BUM Desa often failed to focus on asset management, and governance practices lacked standardized guidelines and objective assessment measures. Additional issues included negative interventions by village heads, conflicts of interest among BUM Desa administrators, and low levels of community involvement, which hindered the effectiveness of BUM Desa in fostering economic independence.

Keyword: Governance, Village-Owned Enterprises, Independence of Village Resources.

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1. INTRODUCTION

During the New Order era, the village development strategy combined various sectors in integrated village development aimed at standardizing village life arrangements. The concept of village development does not lead to village social transformation because it does not strengthen village institutions and village autonomy but instead weakens, marginalizes, and even destroys village autonomy (Wijaya, 2018). In this case, the Village is only a "location," not an arena for the participation of local resources and institutions in development.

Currently, village development is a priority in national development. The President mentioned developing Indonesia from the periphery by strengthening regions and villages within the framework of a unitary state (Caya & Ety, 2019). This development priority is also in line with the opinion of Sutan Syarir (Iskandar, 2020), "If our village begins to move forward on its own strength, then our whole community will also increase its level and progress in all fields." This sentence emphasizes that the Village is an important variable for Indonesia's progress as a social entity. Thus, the Village becomes the smallest administrative unit spearheading Indonesia's development (Widiastuti et al., 2019). Iskandar (2020) explains that improving human development, increasing the economy and people's welfare, and making Indonesia progress, start from the Village.

Changes in the village development approach, from making the Village which was previously only an object to turning into a village as a subject and object as well as being marked by the passing of Law (UU) Number 6 of 2014 concerning Villages. Article 1 paragraph (1) of the Village Law states that, "A village is a village and a traditional village or what is referred to by another name, from now on referred to as a Village, is a legal community unit that has territorial boundaries that are authorized to regulate and manage government affairs, the interests of the

local community based on initiatives community, origin rights, and traditional rights that are recognized and respected within the system of government of the Unitary State of the Republic of Indonesia."

Furthermore, Article 1 paragraph (9) states that, "Rural areas have main agricultural activities, including management of natural resources with the arrangement of area functions such as rural settlements, government services, social services, and economic activities." Implementing this Law Villages gives villages sovereignty and authority to regulate themselves through origin authority, local village scale authority, and assignments.

Village economic development is based on village needs, potential, capacity, and capital participation from the village government in the form of financing and village assets that aim to improve the economic level of village communities (Caya & Ety, 2019). Equity participation by the government is carried out through the Allocation of Village Funds (ADD), which is one of the Indonesian Government's fiscal policies with the aim of village development. In addition, through the Allocation of Village Funds, people can create wealth by getting fair and equal access to economic resources (Faedlulloh, 2016). The economic resources in question are all resources in the rural areas that have the potential and capacity to be empowered.

Government Regulation (PP) Number 11 of 2021 concerning Village-Owned Enterprises Article 1 paragraph (1) states that, "Village-Owned Enterprises, from now on referred to as BUM Desa, are legal entities established by villages and with villages to manage businesses, utilize assets, develop investment and productivity, providing services, and/or providing other types of businesses for the greatest welfare of the Village community."

Furthermore, Article 3 point a, stated that, "BUM Desa/BUM Desa Bersama aims to carry out economic business activities through business management,

investment development, economic productivity, and Village potential.” Point b. mentioned carrying out public service activities through the provision of goods and/or services, as well as meeting the general needs of the Village community and managing Village food storage. In connection with implementing the Village Fund Allocation (ADD), it is hoped that the process of strengthening the village economy through BUM Desa will be more empowered. It is caused by the support, namely the village budget funds, which are getting bigger (Wijaya, 2018).

BUM Desa is an example of a business entity with mixed characteristics (economic and social) and is by the concept of social enterprise. BUM Desa, as an economic institution like a company (firm), “Aims to make a profit by offering local resources (goods and services) to the market so that in carrying out its business, the principles of efficiency and effectiveness must always be emphasized (Atmojo, 2015)”. On the other hand, BUM Desa, as a social institution, favors the community’s interests by contributing to providing social services. BUM Desa is an economic resource that needs to balance (trade-off) between achieving efficiency and profit with its goal’s social mission.

It is important to note that while there is an indirect relationship between empowering BUM Desa and the defense economy, the primary focus of BUM Desa is on local economic development and community empowerment. However, a stable and prosperous economy, driven in part by empowered BUM Desa, provides a foundation for a resilient and self-sufficient nation, including its defense capabilities. (Kennedy, 2019)

Fu, Xiaolan and Balasubramanyam. (2007) conducted previous research on the success of Village Enterprises. Setiawan (2019) mentions China’s economic development through economic reforms in the decade of 1978 illustrates the productivity of village enterprises in supporting the economy, especially in the manufacturing sector compared

to state-owned enterprises. Research by Caya & Ety (2019), located in Aik Batu Buding Village, Belitung Regency, Bangka Belitung Province, concluded that BUM Desa impacted the village economy and community business development.

Even the Minister of SOEs said that SOE investments that are friendly by involving the local community are things that should be done. The balance of village economic development is important to ensure people can work. “If this can be done massively and professionally, of course, it will become energy for progress for Village-Owned Enterprises or BUM Desa and produce village economic independence,” said Erick (tempo. co, 2021). According to data from the Central Bureau of Statistics, until now, the number of BUMDes continues to increase every year (Iskandar, 2020). At the end of 2014, the number of BUM Desa was only 1,022, but until mid-2020, it had increased drastically to 39,141.

The existence of BUM Desa is not without problems and obstacles. The ideal for the presence of BUM Desa is as a pillar of village economic independence encountered internal problems, including:

- a. BUM Desa designed as many spearhead the village economy wither before developing because of lack of citizen participation during the process formation and implementation. Some of these phenomena can be seen from the research by Budiono (2015) on BUM Desa in Ngringinrejo Village, Kalitidu District, Kedungprimpen Village, Kanor District, Bojonegoro Regency. He concluded that the problems hindering the role of BUM Desa were conflicts of interest between the main actors, Village Governments, that were less open and less involved—a society in policy making.
- b. Research by Aeni (2020) in Pati Regency concluded that the problems in BUM Desa were the limited capacity of BUM Desa administrators, the political situation that developed in the Village, low support from the village government in developing BUM Desa,

and the development of business units that were not based on local potential.

c. Another phenomenon that has occurred is the misuse of BUM Desa funds that occurred at BUM Desa Sadu Amertha, Tirtasari Village, Banjar District, Buleleng Regency, Buleleng area, Bali (detik.com, 2021). Cases of misuse of BUM Desa funds also occurred in Cianjur Regency with a total loss of IDR 362.2 million, all of which were budgeted for BUM Desa (tribunnews.com, 2021).

One of the factors that make the development of BUM Desa less than optimal is the problem of Corporate Governance (CG) for BUM Desa (Pramita, 2018, as cited in Widiastuti et al., 2019, p.260) concluding that one of the factors that make BUM Desa development less than optimal is Village-owned Enterprise Corporate Governance (CG) issues. Based on the above phenomena, researchers are interested in digging deeper into implementing BUM Desa governance as a social enterprise in rural areas in 3 sub-districts in the Bogor Regency area.

This research focuses on the Governance of BUM Desa, a research “social situation”, and the main problem being studied. While specifically, the research was carried out on problems that

became the research sub-focus, namely: Identification of village potential by BUM Desa; The priority for the BUM Desa business field; Implementing BUM Desa management, for poverty alleviation in rural areas to create self-sufficiency in defense economic resources.

2. LITERATURE REVIEW AND HYPOTHESIS

Corporate Governance (CG)

Good corporate governance consists of legal instruments defining the relationship between shareholders, administrators, creditors, the state, and those interested in the company (stakeholders). Good corporate governance is also a mechanism that helps companies to enforce laws and regulations that define the relationship between parties related to the company. “Corporate Governance is a series of structured processes to manage and direct or lead business and corporate endeavors to enhance corporate values and business continuity (Kusmayadi et al., 2015).”

The Organization for Economic Cooperation & Development (OECD) states that Corporate Governance is a collection of relationships between company management, boards, shareholders, and other parties interested in the company. Good governance can

Figure 1. Distribution of BUM Desa by Province in 2020



Source: Iskandar, 2020

incentivize shareholders and management to achieve goals in the company's and shareholders' interests and facilitate effective monitoring. The OECD has also developed a set of general principles, which member countries can use to form a more specific definition.

Corporate governance is a process that looks at how a business is run, how managers are run, what questions the board of directors will ask, and what business accountability shareholders should have. In their view, good corporate governance should emphasize how the interests of minority investors (minority shareholders) can be legitimized through protection and promotion. The main focus of governance is generally on accountability and mandated responsibility, particularly implementing guidelines and mechanisms to ensure good behavior and protect shareholder interests. Another focus is on economic efficiency, stating that the governance system should optimize revenues, emphasizing shareholder welfare. There is another side to corporate governance issues, such as a stakeholder perspective, which requires more attention and accountability to parties other than shareholders, such as employees or the environment.

Still, according to the OECD (as cited in Kusmayadi et al., 2015), "The principles of corporate governance are:

- a. The Principle of Accountability relates to the powers that must be possessed by the board of commissioners and directors, along with their obligations to shareholders and other stakeholders.
- b. The Principle of Responsibility requires companies, as well as leaders and managers of companies, to carry out their activities responsibly. Companies must comply with laws and regulations and carry out responsibilities towards society and the environment to maintain long-term business continuity and be recognized as good corporate citizens.
- c. Transparency companies must provide material and relevant information in a way that is easily accessible and

understandable to stakeholders to maintain objectivity in conducting business.

- d. The principle of Fairness is defined as fair and equal treatment in fulfilling the rights of stakeholders that arise based on agreements and applicable laws and regulations. It also includes clarity on investors' rights, the legal system, and enforcement of regulations to protect investors' rights.
- e. The principle of independence requires company managers to act independently according to their roles and functions without pressure from any party inconsistent with the company's operational system."

Village-Owned Enterprises as Social Enterprises

Social Enterprise is seen as a change agent who can change the way of thinking and behaving through innovative products and services. Social Enterprise is a problem-solving method through a business approach model. Social Enterprise is a business entity with a social mission and goals. It generates profits to address the needs of social missions (Widiastuti et al., 2019). Yunus (2008) explains that social enterprises exist to address social issues related to poverty, hunger, and inequality which are increasing, especially in large numbers. In short, social enterprise is an effort to include and carry out social missions in an entity. Therefore, in the context of profit and non-profit organizations, social enterprise focuses on making a profit economy and society.

Social enterprise theory was introduced in South Korea during the financial crisis of 1997 and the economic crisis of 2008 to overcome unemployment and poverty for the socially disadvantaged (Andrews et al., 2013). Social enterprises in the United States must have legal status and be recognized by law for social development as welfare actors (Pestoff & Hulga, 2015). Social enterprises are formed to address social problems and create economic wealth by supplying products or services to improve

people's quality of life (Vazquez-Maguirre & Portales, 2018). So, social enterprise is not just a project or workshop activity that focuses on employing marginalized people but is a sustainable entrepreneurial activity that has its role in business innovation in society (Arindhawaty and Evy, 2020).

Social enterprise application in Indonesia is through establishing BUM Desa as a legal entity organization and is recognized through Law Number 6 of 2014 concerning Villages. Furthermore, the role of BUM Desa associated with social enterprise theory is to deal with social problems in the Village by creating sources of village economic wealth sustainably with the aim of the welfare of the village community.

BUM Desa is an economic institution whose establishment must be based on the economic potential to become an important resource in encouraging the equitable distribution of national development. Law Number 32 of 2004 concerning Regional Government Article 213 paragraph (1) states that, "Villages can establish village-owned enterprises on the needs and potential of the Village. This law is the first legal basis that underlies the making of regional regulations regarding guidelines for establishing and managing Village-owned Enterprises."

Furthermore, in Law Number 6 of 2014 concerning Villages, Article 1 paragraph (6) states that, "BUM Desa is a village-owned enterprise, from now on referred to as BUM Desa. BUM Desa is a business entity whose capital is wholly or substantially owned by the Village through direct participation originating from Village assets which are separated to manage assets, services, and other businesses for the greatest possible welfare of the Village community." Article 87 states that, "BUM Desa can be formed by the village government, which is managed with a spirit of kinship and cooperation to utilize all economic potential, economic institutions, potential natural resources, and human resources to improve people's welfare." The articles in the Village Law

about Indonesia's economic sovereignty constitute a function of national defense, which is carried out by utilizing all the potential of National Resources and National Facilities and Infrastructure (in this case, BUM Desa) as an important part of the National Defense component as well as being used for people's welfare.

In Government Regulation Number 11 of 2021 concerning BUM Desa Article 1 paragraph (1), it is stated that, "Village Owned Enterprises, from now on referred to as BUM Desa, are legal entities established by villages and villages to manage businesses, utilize assets, develop investments and productivity, providing services, and/or providing other types of businesses for the greatest possible welfare of the Village community." This BUM Desa business is an economic sector and public services activity, and the BUMDesa business unit must be a legal entity. Furthermore, Article 3, point a states that, "BUM Desa Bersama aims to carry out economic business activities through business management, investment development, economic productivity, and Village potential." Point b states that, "Carrying out public service activities through the provision of goods and/or services as well as meeting the general needs of the Village community and managing Village food storage."

Policies related to efforts to accelerate the economic growth of Villages and Village communities are specifically regulated in "The Regulation of the Minister for Development of Disadvantaged Regions and Transmigration Number 3 of 2021 concerning Registration, Data Collection and Ranking, Guidance and Development, and Procurement of Goods and Services for Village Owned Enterprises/Agencies Joint Village Owned Enterprises." Article 26 paragraph (7), it is stated that, "The Strategy for strengthening the management of profits and benefits for Villages and Village communities as referred to in Article 25 letter g is described in programs or activities:

- a. Utilization of Village potential and cultural and economic values in the Village;
- b. Incubation and consolidation of Village community business activities;
- c. Product added value increase;
- d. Increasing business competitiveness and productivity;
- e. Product development technical guidance;
- f. Facilitate the development of public services provided by BUM Desa/BUM Desa together;
- g. And It strengthens the management of profits and benefits for the Village and the Village community."

Governance of Village-Owned Enterprises

Corporate governance is generally defined as a structure and process/technique to direct and control a company so that the company's goals can be achieved effectively. The definition and objectives of governance vary from country to country based on the context of the legal system, culture, situation, and business sector. Widiastuti et al. (2019) states, "Corporate governance based on agency theory focuses on the alignment of interests between management and providers of capital (shareholders and debtholders) (Child & Rodrigues, 2004), while based on stewardship theory, governance emphasizes balancing the interests of all stakeholders.

The development of the third sector, namely the social enterprise, has led to a new governance theory that accommodates profit and social characteristics. Low (2006) positioned that social enterprises tend to be more suitable for using stewardship governance than democratic governance. Meanwhile, Ball and Ball (2016) said that the corporate governance paradigm oriented toward public companies needs to be revised for social enterprises. Ball and Ball (2016) propose a combination of stakeholder governance and participatory governance, namely, all parties that influence the achievement of organizational

goals (profit and social) actively participate in making organizational decisions to ensure the achievement of organizational missions." Pestoff and Hulgård (2015) view a social enterprise as a continuum (economic-social) that cannot distinguish it from a commercial enterprise. One dimension distinguishing a social enterprise from a commercial enterprise is the governance dimension, which is classified as participative versus non-participative. Participative governance is the keyword of social enterprise

Pestoff and Hulgård (2015) state that social enterprise governance prioritizes participatory governance involving all stakeholders. The participatory governance approach manifests in community participation in establishing, developing, and supervising BUM Desa. There are six principles in managing BUM Desa, according to Wijaya (2018), "Namely:

- a. Cooperative means that all components involved must cooperate well for the development and survival of their business.
- b. Participatory means that all components involved in BUMDes are also willing to volunteer or are asked to provide support and contributions that can encourage the progress of BUMDes businesses.
- c. Emancipatory means that all components involved in BUMDes must be treated equally regardless of class, ethnicity, and religion.
- d. Transparent means activities that affect the interests of the general public must be known by all levels of society easily and openly.
- e. Accountable means that all BUMDes business activities must be accountable technically and administratively.
- f. Sustainable means that all business activities must be able to be developed and preserved by the community in the BUMDes container."

By the principles of BUM Desa governance above, this study uses a principle approach to governance according to

Wijaya (2018), where the Implementation of Governance of Village Owned Enterprises is manifested from a combination of cooperative, participatory, emancipatory, transparent, accountable and sustainable principles. Using BUM Desa governance principles can help researchers analyze the implementation of BUMDesa governance in more depth.

Village Fund (PP-RI, 2014; Kemenkeu, 2018)

Village Fund is one of the government programs in Indonesia which aims to improve the development and welfare of people in villages. The program started in 2015 as part of the government’s efforts to distribute funds directly to the village level to accelerate development and reduce the gap between urban and rural areas.

The Village Fund is given by the central government to the village government regularly every year. The amount is determined based on a calculation formula that involves several indicators, such as population, area, and village performance achievements. These funds come from the State Revenue and Expenditure Budget (APBN) and are allocated through the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration.

The main objective of the Village Fund is to empower village communities to manage and utilize these funds according to local needs and potential. Village Funds can be used for infrastructure development,

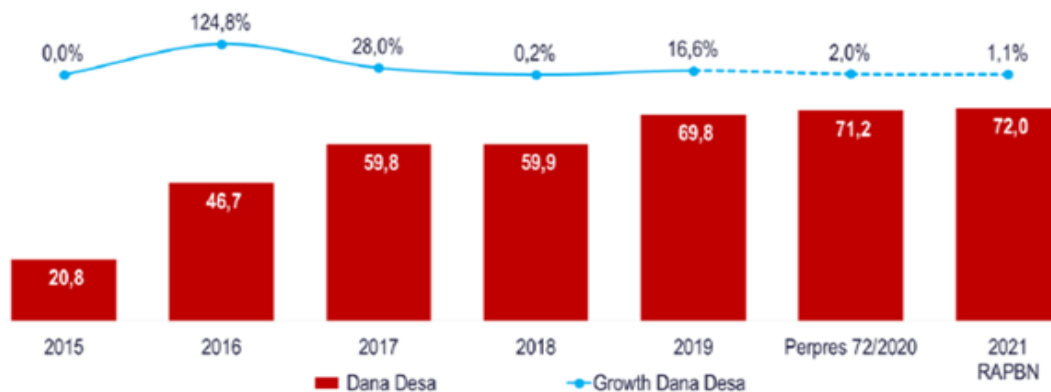
such as roads, bridges, irrigation, and sanitation. In addition, these funds can also be used for local economic development, such as establishing small and medium enterprises, agricultural improvement, and tourism development.

The Village Fund management process involves the active participation of the village community through the village deliberation mechanism. Each Village must draw up a Village Government Work Plan (RKPD) and Village Income and Expenditure Budget (APBDes) as a reference for using funds. Transparency and accountability in using funds are also a major concern, with reporting obligations and financial audits being carried out by the Supreme Audit Agency (BPK) and other related institutions.

In recent years, the Village Fund program has positively impacted many villages in Indonesia. Many villages have successfully used these funds to improve infrastructure and the welfare of local communities. However, the challenges still being faced are management capacity, selection of the right program, and more effective monitoring and evaluation to ensure that these funds are truly beneficial for village development and welfare. During 2015-2019, the Government of the Republic of Indonesia budgeted the Village Fund for IDR 590.6 trillion.

In 2020 and 2021, the Village Fund allocation policy prioritized the COVID-19 pandemic response, particularly focusing

Figure 2. Development of Village Funds for the 2015-2019 Period (Trillion rupiahs)



Source: Ministry of Finance (Kemenkeu, 2021)

on health measures and direct cash assistance. The 2021 Village Fund policy directions (Kemenkeu, 2021) include several key areas. First, the reformulation of Village Fund allocation and distribution seeks to increase the Formula Allocation portion to better reflect each village's unique characteristics. This involves refining the calculation methods for Basic Allocation (AD), Formula Allocation (AF), and Affirmed Allocation (AF). Additionally, the Performance Allocation (AK) is strengthened to enhance village productivity and economic transformation, and villages with independent status are rewarded through a two-stage distribution of funds.

For national economic recovery, the policy emphasizes strengthening cash-for-work programs and social safety nets, such as Direct Cash Assistance (BLT). It also supports small and medium-sized enterprises (SMEs) and the agricultural sector to drive local economic empowerment. Further, initiatives to boost productivity and foster economic transformation include developing digital villages. Efforts to unlock village potential focus on tourism, superior village products, and rural development, facilitated by expanding the role of Village-Owned Enterprises (BUM Desa).

The policy also outlines support for priority sector development, emphasizing Information and Communication Technology (ICT) through digital village initiatives. Food security and animal safety programs tailored to village needs promote farming, fishing, and animal husbandry, including cattle breeding. Tourism development is encouraged through the creation of tourist villages, while infrastructure improvements prioritize cash-intensive work to boost local employment. The National Health Program focuses on upgrading healthcare facilities, preventing infectious diseases, improving community nutrition, and reducing village stunting, all aimed at enhancing community health and well-being.

Previous Research

Research conducted by Xun Wang (2007) entitled, "One Country Two Systems: China's Economic Policies Towards State and Township/Village Owned Enterprises, 1978-1992." The results show that China's economic development is affected by a significant increase in Township/Village Owned Enterprises (TVEs) compared to State Owned Enterprises (SOEs). It is due to government policies supporting business activities, having greater control over resources, and having a better contract system;

Research conducted by Budiono (2015) entitled, "Implementation of Village-Owned Enterprises (BUMDesa) Policy in Bojonegoro (Studies in Ngringinrejo Village, Kalitidu District and Kedungprimpen Village, Kanor District)." The research results show that individual interests in implementing the policy hinder the policy. Mastery of economic potential by individuals who have power in implementing policies makes it difficult for businesses run by these economic institutions to develop so that they do not achieve policy objectives.

Research conducted by Fatmawati et al. (2016) with the title, "Development of Tourism Village Potential to Improve the Welfare of Ponggok Village Communities, Klaten Regency." The results showed that BUM Desa Tirta Mandiri had succeeded in developing the potential of a tourism village, empowering the local community, maintaining the Umbul Ponggok tourist attraction as a mainstay object so that it was beneficial to community welfare and increasing employment opportunities;

Research conducted by Anbiya (2018) entitled, "Implementation of Village Minister Regulation Policy, Development of Disadvantaged Regions and Transmigration Number 21 of 2015 concerning Priority Use of Village Funds for 2016 in Supporting Regional Economic Resilience" (In Cukangalih Village, Curug District, Tangerang Regency, Banten Province in 2016). The results of the study show that the implementation of village

funds is not by the priorities for using village funds which have been regulated in the Regulation of the Minister of Villages, Development of Disadvantaged Regions and Transmigration, where the use of village funds is greater for village development compared to community empowerment. In addition, the implementation of village funds has not been able to significantly increase regional economic resilience because development has yet to focus on the economic sector, so it has not been able to absorb the workforce optimally.

Research conducted by Setiawan (2019) entitled, "Implementation of Village-Owned Enterprises (BUM Desa) in Increasing Tourism Potential to Create Regional Economic Resilience (Bangka Belitung Islands Province)." The research results show that the BUM Desaa Policy has been implemented but has not accurately represented the region's characteristics. The form of tourism institutions still needs to be appropriate, so they still depend on the government and operate independently.

Widiastuti et al. (2019) conducted research titled, "Measuring the Governance of Village-Owned Enterprises in Indonesia." The results of the study show that: Most of the BUMDes that are the object of research are pilot BUMDes, so basic governance has been contained in the AD/ART, detailed governance documents for each element of governance have not been prepared; and Indicators for assessing governance BUMDes management needs to be differentiated between startup, growing, mature, advanced and large BUMDes. The indicators compiled were considered too ideal for pilot BUMDes, so many were not achieved. The survey results show that the sustainable aspect is the aspect that has received the least attention, while the participatory aspect is the aspect with the highest level of application. Generally, the application level of BUMDes governance in Indonesia is still relatively low. The level of applicability of BUMDes governance is correlated with the age of BUMDes.

Aeni (2020) conducted research entitled, "Overview of the Performance of Village-Owned Enterprises (BUM Desa) in Pati Regency." The results showed that the development of BUM Desa was not optimal, as evidenced by the fact that most BUM Desa met the basic criteria. Obstacles in the development of BUM Desa were found in all dimensions of performance measurement, namely limited capital and assets, disorderly administration, and reporting. BUM Desa's existence has not impacted village communities, institutions are not yet stable, management and business development are not yet optimal, and the legality of BUM Desa is not yet strong. The root problems of the not optimal development of BUM Desa are the limited capacity of BUM Desa managers, the influence of political constellations that occur in the Village, the low support of the village government, and the selection of businesses that are not based on village potential.

3. METHODS

This study uses qualitative methods. Researchers understand how the research model will be made and will estimate the results to be obtained in the field (Bungin, 2020). This research uses a descriptive analysis design model, which is, "A method that aims to describe or give an overview of a research object that is studied through samples or data that has been collected and draws generally accepted conclusions (Sugiyono, 2020)". The characteristics of the descriptive analysis method can be summed up as the very nature of accumulating data; the research rushes to provide an overview of phenomena, and interview techniques are used to collect data and make predictions and implications of a problem being studied.

The reason for choosing a qualitative descriptive analysis design is because this design is a social research approach that emphasizes exploring contemporary real-life events, both individuals and groups. The descriptive analysis approach is

suitable for this research, considering that the context is very close to social aspects. In addition, this research wants to explore more deeply the implementation of BUM Desa governance in rural areas to realize economic resource independence.

The research was conducted in Bogor Regency, West Java Province. The number of BUM Desa in Bogor Regency up to 2021 is 416 BUM Desa, spread across 40 Districts in 416 Villages (DPMD et al., 2021). According to the following table, researchers determined research locations in 3 BUM Desa in the Bogor Regency area.

The object of this research is the Governance of Village Owned Enterprises. The object of research becomes the point of attention of a study (Moleong, 2010). The research object is an attribute of people, objects, or activities with certain variations determined by the researcher to be studied and then concluded (Sugiyono, 2015).

For research subjects, according to Moleong (2010) describes research subjects as subjects who have information and can provide credible information related to research topics. Determining the source of data on the people interviewed was carried out by purposive sampling, that is, selected by certain considerations and goals (Sugiyono, 2020). Sugiyono (2020) state that determining the sample in qualitative

research is very different from determining the sample in conventional (quantitative) research. Sampling in qualitative research is not based on statistical calculations. The selected sample serves to obtain full information, not to be generalized.

Determination of the sample The subjects of this study are the stakeholders of BUM Village of Bogor Regency, West Java Province, and the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration. The research subjects are described in the following table 2.

Collection technique data is the most important step in research because the main purpose of research is to obtain data (Sugiyono, 2020). Collection techniques include effort limit research, gathering information through observation and structured interviews or not, documentation, materials visuals, as well as efforts to design protocols for recording or taking notes information (Creswell, 2016). "Judging from data sources, data collection can use primary sources and secondary sources. Primary data sources come from observation, interviews, documentation, or a combination of the three (triangulation). Meanwhile, secondary data sources come from field studies, literature/library, scientific journals, previous research, written documents from related agencies,

Table 1. List of Village-Owned Enterprises

No	Subdistrict	Village	BUM Desa
1	Jonggol	Singasari	Singasari Mandiri Energi
2	Dramaga	Neglasari	Fragrant Image
3	Citeurep	Sukahati	Healthy

Source: Data Processed

Table 2. Research Subjects

No	Office	Institution	Code
1	Head of Village Community Empowerment Division	Bogor Regency Village Community Empowerment Service	A1
2	Head of BPS Bogor Regency	BPS Bogor Regency	A2
3	Chairman	BUM Desa Citra Wangi	B1
4	Chairman	BUM Desa Sehati	B2
5	Advisor	BUM Desa Singasari Mandiri Energi	B3

Source: Data Processed

national journals, international journals, electronic media, the internet, and print media (Sugiyono, 2020)."

4. RESULTS AND DISCUSSION

Observation Results

The research subjects were the Bogor Regency Village Community Empowerment Service (DPMD) and BUM Desa in the Bogor Regency area, namely BUM Desa Citra Wangi, Neglasari Village, Dramaga District, BUM Desa Sehati, Sukahati Village, Citeurep District, and BUM Desa Singasari Mandiri Energi, Singasari Village, Jonggol District. It is related to the object of research, namely the implementation of governance in BUM Desa. Bogor Regency has abundant potential resources, most of which are agriculture. Agriculture in Bogor Regency consists of food crops, vegetables, horticulture, and plantations (Kusuma, 2021).

BUM Desa by Citra Wangi, Neglasari Village, Dramaga District, Bogor Regency Identification of Village Potential and Main Business Sector by Village-Owned Enterprises

In general, the condition of Neglasari Village is a low area with an altitude of 1,350 m above sea level with an average temperature of 25°C - 35°C. On the north side, it is bounded by the Cihideung River, which forms the border with Cihideung Ilir Village, Kec. Ciampea, on the east, is bounded by the Ciparingga River, which forms the border with Sinarsari Village, Dramaga District; on the south, it is bounded by the Cikiruh River, which forms the border with Petir Village, Dramaga District; on the west, it is bounded by the Cihideung River, which forms the border with Cihideung Udik Village and Cihideung Ilir Village, Ciampea District.

Table 3. District Economic Potential in Bogor Regency

No	District Potential	Subdistrict	Business Field Potential
1	Rice food agriculture	Rumpin, Cigudeg, Sukajaya, Pamijahan, Cibungbulang, Ciampea, Caringin, Jonggol, Sukamakmur and Cariu.	Agriculture, Animal Husbandry, Tourism.
2	Upland rice food agriculture	Dramaga, Cisarua, Megamendung, Cileungsi, Klapanunggal, Rancabungur, Cibinong, Ciseeng, Mount Sindur and Rumpin.	Agriculture, Animal Husbandry, Tourism.
3	Soybean food crops	Tamansari, Kemang, Rancabungur and Megamendung.	Agriculture, Animal Husbandry, Tourism.
4	Vegetable and fruit farming	Cisarua, Dramaga, Leuwisadeng, Cigombong, Tanjungsari, Mekarsari, Jasinga, Tajurhalang	Agriculture, Animal Husbandry, Tourism.
5	Horticultural farming	Tamansari, Cijeruk, Ciawi, Megamendung, Tajurhalang, Mount Sindur, Bojonggede	Agriculture, Animal Husbandry, Tourism.

Source: Data Processed

Previously, the residents of Nagasaki Village had their main livelihood as farmers, but life has become diverse along with the times and technology. The irrigation channels could have been smoother, so the agricultural land lacked water, and some rice fields became plantations or crops. Along with progress and technology, people's mindsets gradually changed, and livelihoods changed from farmers to public transport entrepreneurs. It can be proven by the number of urban public transport vehicles with routes 02, 03, and 15. Apart from that, in Neglasari Village, many are self-employed in the form of crafts, making baskets or bongsang made of bamboo, and there are also Sumedang Tofu entrepreneurs categorized as moderate. Big in this area.

The main line of business of the Citra Wangi Village-Owned Enterprise (BUM Desa Citra Wangi) is trading, with 2 other business units, namely services and agriculture. For trade, the focus is on nine basic commodities (necessities) and office stationery. The structure of the trading business unit consists of a head and 3 members, intended to meet the needs of the village community either by paying in cash or due on a recommendation from the head of the household (RT), which also acts as marketing. In addition, BUM Desa Citra Wangi trades through the provision of office stationery to meet the needs of the Neglasari Village Government. Another line of business of BUM Desa Citra Wangi is agriculture and animal husbandry, which is focused on the production of crystal guava. The crystal guava farming business utilizes land owned by the Neglasari Village Government.

Implementation of Governance of Village-Owned Enterprises

The Citra Wangi Village-Owned Enterprise (BUM Desa Citra Wangi) serves as an example of the governance principles for Village-Owned Enterprises (BUM Desa) in Indonesia, specifically the principles of direction and control. BUM Desa Citra Wangi operates under local

regulations and the village head's formal decree, positioning it to contribute to the local economy through community-led business initiatives. Despite having a structured organization-comprising roles such as Supervisors, Advisors, and various Heads of business units in trade, services, agriculture, and livestock-there remains a scarcity of empirical findings regarding how the principles of direction and control are practically and comprehensively applied in this context.

The Citra Wangi Village-Owned Enterprise (BUM Desa Citra Wangi), domiciled in Neglasari Village, Dramaga District, Bogor Regency, was established based on Neglasari Village Regulation Number 07 of 2019, dated April 20, 2019. The BUM Desa Citra Wangi Village management was established based on the Decree of the Head of Neglasari Village Number 09 of 2019, dated April 20, 2019. The address of the BUM Desa Citra Wangi is Jalan Raya Dramaga Cibereum Petir Kampung Cibereum RT.003/RW.002 Neglasari Village, Dramaga District, Bogor Regency, West Java Province, Postal Code 16680. The BUM Desa Citra Wangi account is at Bank Rakyat Indonesia, 059501012381534, with a mandatory identification number Tax (NPWP) 938112976434000. BUM Desa Citra Wangi received equity participation for a trading business from the 2020 Village Fund of IDR 100,000,000.00.

The BUM Desa Citra Wangi organization comprises Supervisors, Advisors, Chairpersons, Secretaries, Treasurers, Heads of Trade Business Units, Heads of Service Business Units, and Heads of Agriculture and Livestock Business Units. Throughout 2020, BUM Desa Citra Wangi received a profit of IDR 6,000,000.00. The agricultural and animal husbandry business sector will receive investment capital from the 2020 Village Fund of IDR 12,000,000.00. Throughout 2020, the agriculture and livestock business sector has not made a profit.

Direction and control, essential components of governance, refer to the oversight and guidance processes that ensure an enterprise aligns with its strategic goals and efficiently utilizes resources. For BUM Desa Citra Wangi, these principles would theoretically help streamline decision-making, resource allocation, and financial oversight to maximize community benefits. For example, BUM Desa Citra Wangi received IDR 100,000,000 from the Village Fund for its trading business and an additional IDR 12,000,000 for agriculture and livestock, reflecting substantial local investment. However, with only a modest profit of IDR 6,000,000 from its overall operations in 2020 and a lack of profitability in the agriculture and livestock sectors, there may be challenges in applying effective control mechanisms, especially in rural, resource-dependent enterprises.

BUM Desa Sehati, Sukahati Village, Citeurep District, Bogor Regency
Identification of Village Potential and Main Business Sector by Village-Owned Enterprises

Village-owned enterprises have identified village potential in the form of village treasury land, traditional and modern agriculture, and people's businesses for baking pans, which exist in almost every Village. The main business areas of the Sehati Village-Owned Enterprise (BUM Desa Sehati) are trading and services. For trading activities, distribution of nine basic commodities (necessities) Rice, Eggs, and vegetable Oil for Recipients of the Non-Cash Food Assistance Program (BPNT), production of masks, becoming a reseller of waste incinerator products from BUM Desa Berkas Jati Sari Bandung, building construction and production booster coil. The structure of the trading business unit consists of a Head and 4 members.

Implementation of Governance of Village-Owned Enterprises

The Sehati Village-Owned Enterprise (BUM Desa Sehati) is domiciled in Sukahati Village, Citeurep District, Citeurep

District, Bogor Regency, established based on Sukahati Village Regulation Number 02 of 2019, dated February 8, 2019. The management of the BUM Desa Sehati is determined based on the Decree of the Head of Neglasari Village Number 140/12/Kpts/II/ 2019, February 8, 2019. The address of BUM Desa Sehati is Jalan Pangeran Samiaji Number 01 Kampung Nagrog RT.004/RW.002 Sukahati Village, Citeurep District, Bogor Regency, West Java Province, Postal Code 16810. The BUM Desa Sehati account is at Bank Rakyat Indonesia, number 091401076137531, and at Bank Negara Indonesia, number 0819477382, with Taxpayer Identification Number (NPWP) 909834475436000.

BUM Desa Sehati received capital investment for trade and service businesses from the 2019 Village Fund of IDR 70,000,000.00. Another business unit is the booster coil trade (a motor fuel-saving device), which receives an investment of IDR 10,000,000.00. During the 2019 period, this business unit has not made a profit. In 2019, he received a net profit of IDR 5,820,000.00. In 2020, BUM Desa Sehati received capital participation of IDR 181,382,000.00, which was used by the trade and service business unit, namely the production of masks, distributors of direct cash assistance in the form of groceries, and the manufacture of warehouses. During the 2020 period, a profit of IDR 74,000,000.00.

The BUM Desa Sehati organization consists of Supervisors, Advisors, Chairpersons, Secretaries, Treasurers, and Heads of Trade and Services Business Units. Overall, BUM Desa Sehati has established a clear organizational framework and received significant funding.

BUM Desa Singasari Mandiri Energi, Jonggol District, Bogor Regency
Identification of Village Potential and Main Business Sector by Village-Owned Enterprises

Singasari Mandiri Energi Village-Owned Enterprises's (BUM Desa Singasari Mandiri Energi) vision is to realize the people's welfare of Singasari Village by developing

agricultural, animal husbandry, and energy businesses to support the community's economy with the motto Moving to Build Villages. Five missions have been established to achieve organizational goals, namely (1) developing agricultural and livestock businesses through savings and loan businesses and real sector businesses; (2) developing a biogas service business that supports agro-tourism; (3) village infrastructure development that supports the economy; (4) developing a network of economic cooperation with various parties; and (5) managing program funds that go to the Village which are revolving in nature, especially in the context of poverty alleviation and the development of rural economic enterprises. The target market set by the management of BUM Desa Singasari Mandiri Energi is the Singasari Village community in particular and the community outside Singasari Village in general.

BUM Desa Singasari Mandiri Energi's main business areas are agriculture, animal husbandry, and renewable energy development. Products produced by the BUM Desa Singasari Mandiri Energi business unit include fragrant pandan organic rice, brown rice, white glutinous rice, black glutinous rice, green beans,

premium duck salted eggs, rice finger briquettes, red beans, and livestock manure biogas.

Implementation of Governance of Village-Owned Enterprises

The Singasari Mandiri Energi Village-Owned Business (BUM Desa Singasari Mandiri Energi), domiciled in Singasari Village, Jonggol District, Bogor Regency, was established based on Neglasari Village Regulation Number 16 of 2018, dated December 17, 2018. The management of BUM Desa Singasari Mandiri Energi was established based on the Decree of the Head of Neglasari Village Number 17 of 2018, dated December 21, 2018. The address of BUM Desa Singasari Mandiri Energi is Jalan Singasari Kampung Sukaati RT.001/RW006 Singasari Village, Jonggol District, Bogor Regency, West Java Province, Postal Code 16830.

The BUM Desa Singasari Mandiri Energi organization consists of Supervisors, Advisors, a Chairperson, a Secretary, a Treasurer, a Head of the Renewable Energy Business Unit, a Head of the Basic Food Business Unit, a Head of the Transportation Business Unit, and a Head of the Livestock Business Unit.

Table 4. Village Economic Strength from Research Subjects

No	Village/ District	BUM Desa	Village Potential	Village Assets	Business fields
1.	Neglasari/ Dramaga	Fragrant Image	Agriculture, animal husbandry	Sleeping area, concrete road	Staple food, office stationery, crystal guava.
2.	Sukahati/ Citeurep	Healthy	Agriculture, MSME stainless steel.	Sleeping area, workshop building	Groceries, general trade.
3.	Singasari/ Jonggol	Singasari Independent Energy	Agriculture, animal husbandry, renewable energy	Land, human resources	and agricultural products (rice), livestock products (duck eggs), biogas, rice straw briquettes, and solar energy.

Source: Data Processed

The lack of studies on the practical application of these governance principles within BUM Desa limits the understanding of how such frameworks might enhance the financial performance and sustainability of Village-Owned Enterprises. Future research could explore how BUM Desa entities implement direction and control in daily operations, what challenges arise in oversight within rural economic models, and how effective governance practices can potentially transform such enterprises into stable, income-generating bodies that reduce reliance on external funding. This would offer valuable insights into optimizing governance practices for BUM Desa in Indonesia.

Interview Result

Economic Empowerment Section of the Bogor Regency Village Community Empowerment Service

The first thing to do in identifying village potential is to increase the capacity of human resources through outreach, technical guidance, and social media, including Zoom meetings, Whatsapp messaging, and YouTube with village BUM administrators. Experts and local village assistants assist the Bogor Regency Village Community Empowerment Service (DPMD); specifically, there are village patriots (policy of the Governor) in the West Java Province area. Village potential is known from each village profile that has been made; based on this profile, there is input from Bogor Agricultural University (IPB) academics who suggest village profiles be assisted with technology, namely using drones. From mapping the potential of villages using drones, it can be seen in detail the potential of villages, for example, rice fields, roads, plantations, lakes, and others. The profile is recorded from paper and can be known visually (illustration). From the visible results, it is known the potential of each Village. Village potential cannot only be seen from the potential possessed by the Village Government but also the potential of the

village community; the combination of these two potentials is the true economic strength of the Village.

Determination of the village business field is carried out through a meeting of 3 (three) parties, namely the village government, village consultative body, and Village BUM management, as a result of follow-up activities to identify village potential. It means that the main and supporting business fields of BUM Desa are the result of a mutual agreement. BUM Desa differs from economic organizations with legal entities, such as UMKM and Cooperatives. The main difference is that BUM Desa is given the authority to manage village-owned assets. It is the greatest strength of a Village-owned Enterprise; if a Village-Owned Enterprise cannot manage village-owned assets, it will be difficult for the Village-owned Enterprise to develop, and vice versa. Suppose a BUMDesa creates a new business, for example, savings and loan services, sales of office stationery, and groceries. In that case, it is similar to MSMEs and cooperatives, leading to unhealthy business competition in rural areas.

All BUM Desa will lead to good governance, but it must be recognized that there are limitations to existing DPMD personnel, budget constraints, and others. They all want to lead to good governance, but it still needs to be ideal to be implemented integrally. One of the obstacles is that the village head election system impacts the sustainability of the management of BUM Desa. The village head election system is the source of all the problems in the Village because a political seminal will emerge as a consequence of that system, and it will affect village management, one of which is the management of village-owned enterprises. A village BUM built well by the previous village head, because there was a change in village head, could fall to pieces because the village head changed the management of the Village BUM.

Village Potential Identification Policy for Village-Owned Enterprises

Law Number 23 of 2019 concerning Natural Resource Management (PSDN) explains that every region in the Republic of Indonesia has natural resource strengths. Each of these areas has potential and benefits, especially for rural areas. When academics assist natural resources, they will become artificial resources (SDB). This SDB will be assisted by facilities and infrastructure (logistics) so that it can be managed by Human Resources (HR). The potential of the Village is not only in the form of a tourism village; there are many other potentials, for example, energy villages, cultural villages, digital villages, and others. In the identification activities, it was found that the potential of the Village had yet to fully include elements of village community empowerment and the assets owned by the Village Government as village strengths.

Villages are given the authority to manage the potential of their Village through a business entity called Village Owned Enterprise (BUM Desa) by Law Number 6 of 2014 concerning Villages. Article 1 paragraph (6) states that "BUM Desa is a Village Owned Enterprise, from now on referred to as BUM Desa. , is a business entity in which the Village owns all or most of the capital through direct participation originating from Village assets which are separated to manage assets, services, and other businesses for the maximum welfare of the Village community." Article 87 states that "BUM Desa can be formed by the village government which is managed with a spirit of kinship and cooperation in order to utilize all economic potential, economic institutions, potential natural resources, and human resources in order to improve people's welfare." In this study, it can be concluded that the identification of village potential has not accommodated the policy of utilizing local resources, namely village assets and community empowerment as village economic strength; the existence of BUM Desa as an economic entity of

National Resources has not been able to alleviate rural community poverty and has not been able to realize the independence of Owned Enterprises The Village as a defense economic resource.

When the power of these resources is managed optimally, there is less possibility for goods from abroad to enter Indonesia. There are many sources of funding to maximize rural potential; for example, if we focus on tourism villages, then ask for help from the Ministry of Tourism and Creative Economy; if we focus on energy villages, then we ask for help from the Ministry of Energy and Mineral Resources, if we focus on villages on Cooperatives then ask for help from the Ministry of UMKM, if the focus of the Village is on the defense sector, then you can ask for assistance from the Ministry of Defense to make one Village a universal defense pilot village. Even more extraordinary is that if we combine some of our focuses above, it will become an extraordinary village potential, with maximum funding from several ministries.

Identification of village potential is carried out by each Village, involving the Village Government and being discussed with the Village Consultative Body. From these results, it was agreed upon that the Village's potential is a written report reported to the Village Community Empowerment Service, accessed via www.bumdes.bogorkab.go.id. This activity was carried out manually (recording) and using technology like drones to visually see village profiles (evaluation results from experts from the Bogor Agricultural Institute). Bogor Regency also held a village profile video contest in each Village as a follow-up to evaluating potential village identification. Village potential identification activities have yet to fully include elements of village community potential and assets owned by the Village Government.

From the data analysis above, the identification of village potential has yet to accommodate local resource policies, such as utilizing village assets and community

empowerment as village economic strength. This conclusion is by Aeni's research (2020), which states that the root problems of the not optimal development of BUM Desa are the limited capacity of BUM Desa managers, the influence of political constellations that occur in the Village, low village government support, and business selection that is not based on village potential.

Village Owned Enterprise Business Sector Priority Policy

The establishment of BUM Desa as a social enterprise and mandated by Law number 6 of 2014 concerning Villages has a strategic role associated with social enterprise theory, namely to deal with social problems in villages by creating sources of village economic wealth sustainably with the aim of the welfare of the village community. These village wealth sources are priority areas of business that BUM Desa must manage.

BUM Desa differs from economic organizations with legal entities, such as UMKM and Cooperatives. The main difference is that BUM Desa is given the authority to manage village-owned assets. It is the greatest strength of a Village-owned Enterprise; if a Village-Owned Enterprise cannot manage village-owned assets, it will be difficult for the Village-owned Enterprise to develop, and vice versa. Suppose a BUM Desa creates a new business, for example, savings and loan services, office stationery sales, and groceries. In that case, it is similar to MSMEs and cooperatives, leading to unhealthy business competition in rural areas.

Determination of the business field of Village-Owned Enterprises is carried out through village meetings involving the Village Government, Village Consultative Body, and Village BUM administrators. From the three informants interviewed, it is known that the business sector of BUM Desa is mostly engaged in trade and services such as general trading, savings and loans, and agriculture. There

is one BUM Desa in animal husbandry and renewable energy development. It is also known that the determination of BUM Desa business fields tends to open new businesses and has not utilized existing and potential village assets economically, so BUM Desa is financially disadvantaged. The economic potential in the Village lies in village assets, and legally, the BUM Desa is given the authority to manage village-owned assets as a source of income. If a BUM Desa creates a new business, such as savings and loan services, office stationery sales, and necessities, it is no different from MSMEs and cooperatives. This condition will lead to unhealthy business competition in rural areas.

The results showed that BUM Desa Citra Wangi and BUM Desa Sehati did not manage village assets. At the same time, BUM Desa Singasari Mandiri Energi succeeded in increasing the added value of animal husbandry and agriculture by successfully producing briquettes and biogas. It shows that village business priorities have not accommodated policies on using local resources, namely village assets and community empowerment as village economic strength, have not been able to alleviate rural community poverty, and have yet to realize self-reliance in defense economic resources.

From the analysis of the data above, the determination of the BUM Desa business sector has yet to be fully targeted and prioritized for the business sector. This conclusion is by Aeni's research (2020), which states that the root problems of the not optimal development of BUM Desa are the limited capacity of BUM Desa managers, the influence of political constellations that occur in the Village, low village government support, and business selection that is not based on village potential.

Implementation of Governance of Village-Owned Enterprises

The BUM Desa management, the village Government, and the village community have implemented BUM Desa governance.

However, there is not yet a measure that can be used to assess the extent to which BUM Desa governance has been implemented. The study results show that BUM Desa managers have generally implemented the six principles of BUM governance (Wijaya, 2018): cooperative, participatory, emancipatory, transparent, accountable, and sustainable. However, no measure is used to assess the extent to which BUM governance in Village has been implemented.

The biggest obstacles in implementing governance come from the internal environment, for example, in the case of BUM Desa Sehati and Singasari Mandiri Energi, where there was strong intervention from the Village Government to the BUM Desa administrators. This intervention occurred in the use of aid funds for BUM Desa capital and business sector priorities that were determined, and there were members of the BUM Desa management who still had a kinship with the Village Head who was at risk of a conflict of interest. This condition violates the cooperative principle, which will impact the principles of transparency and accountability and a big risk of making BUM Desa unsustainable.

This conclusion is to previous research by Widiastuti et al. (2019), stating that indicators for assessing BUMDes governance must be distinguished between BUM Desa pilot, growing, mature, advanced, and large. Generally, the application level of BUM Desa governance in Indonesia is still relatively low. The level of applicability of BUM Desa governance is correlated with the age of BUM Desa. In line with that, according to research by Budiono (2015), where it is stated that there is an individual interest in the implementation of the policy hinders the policy. Mastery of economic potential by individuals who have power in implementing policies makes it difficult for businesses run by these economic institutions to develop so that they do not achieve policy objectives.

Another obstacle is the lack of community participation in the development of BUM Desa; this has happened in BUM Desa Citra Wangi, where there is an assumption from the community that BUM Desa capital is community-owned funds, so the village community mainly has business with the BUM Desa, for example, savings and loans and food credit. Feel there is no need to carry out their debt payment obligations at BUM Desa. The research results are the opinion of Pestoff and Hulgård (2015), which states that social enterprise governance (BUM Desa) prioritizes participatory governance involving all stakeholders. The participatory governance approach manifests in community participation in establishing, developing, and supervising BUM Desa.

In the context of *fraud theory*, elements can be analyzed using the Fraud Triangle, a theory used to explain the conditions that lead to fraudulent behavior. The Fraud Triangle comprises three components: opportunity, pressure, and rationalization (Sujeewa et al., 2018). Here's how these components relate to the situation of the BUM Desa under study:

- a. Opportunity. There is an opportunity for fraud within the governance of BUM Desa. For instance, there is strong intervention from the Village Government in the management of BUM Desa Sehati and Singasari Mandiri Energi. This intervention includes allocating aid funds and business sector priorities determined by the Village Government. Concerns arise about a conflict of interest due to kinship ties between BUM Desa management and the Village Head. This intervention and the potential for conflicts create opportunities for mismanagement or misallocation of funds, indicative of the opportunity component of the Fraud Triangle.
- b. Pressure. Explicit financial pressures or personal financial issues driving individuals to commit fraud are not explicitly evident. However, the lack

of community participation while BUM Desa capital is perceived as community-owned funds could pressure individuals responsible for managing BUM Desa to meet financial expectations or maintain the appearance of success.

- c. Rationalization. Rationalization refers to the cognitive process individuals use to justify fraudulent actions to themselves. The lack of community participation and the perception that BUM Desa funds are community-owned might contribute to rationalizations for inappropriate behavior. For instance, individuals might justify misusing funds or not fulfilling debt payment obligations to BUM Desa due to this perception.

It's important to note that the findings of this study do not explicitly confirm fraudulent activities but express concerns about governance practices that could lead to fraudulent behavior. The Fraud Triangle provides a framework for comprehending factors contributing to such behavior. It's crucial to establish robust internal controls to address these concerns and mitigate potential fraud risks, enhance transparency, and ensure active community participation in the governance and decision-making processes of BUM Desa.

From the analysis of the data above, the governance implementation by Village-Owned Enterprises has yet to be carried out comprehensively and still needs a measure of implementation value.

5. CONCLUSION

Based on the research results, it can be concluded several things as follows. The activities to identify village potential at BUM Desa Citra Wangi and BUM Desa Sehati have not included elements of village community empowerment and village assets, especially village land, as village economic strength. At the same time, BUM Desa Singasari Mandiri Energi has utilized village potential, namely agriculture and animal husbandry,

and empowered the community in its management. The existence of BUM Desa Citra Wangi Neglasari Village, Dramaga District, and BUM Desa Sehati Sukahati Village, Citeurep District, has not improved the welfare of the village community because the village potential identification activities have not accommodated local resources, namely community empowerment and utilization of village assets as village economic strength. At the same time, BUM Desa Singasari Mandiri Energi, Singasari Village, Jonggol District, has been able to improve the welfare of the village community because it succeeded in empowering the community and managing village resources in the form of livestock and agricultural waste into agricultural fertilizer, briquettes, and biogas. The Priority business activities of BUM Desa Citra Wangi, Neglasari Village, Dramaga District, BUM Desa Sehati, Sukahati Village, Citeurep District, are trade and services such as general trading, savings and loans, and agriculture. BUM Desa Singasari Mandiri Energi is engaged in animal husbandry, agriculture, and renewable energy. BUM of Citra Wangi Village, Neglasari Village, Dramaga District, BUM Desa Sehati, Sukahati Village, and Citeurep District do not carry out businesses that focus on managing village assets. The two BUM Desa are opening new businesses outside the business priority areas of the BUM Desa and risk disrupting the existing MSME and Cooperative businesses. The business sector of BUM Desa Singasari Mandiri Energi, Singasari Village, Jonggol District, in the form of briquettes, biogas, and agricultural food products, has succeeded in alleviating poverty in the Singasari village area Jonggol District. The level of applicability of BUM Desa Citra Wangi governance, BUM Desa Sehati, and BUM Desa Singasari Mandiri Energi governance is low, and there is no measure of BUM Desa governance assessment yet. There is (negative) intervention from the Village Head to the

BUM Desa management, including using business capital, determining the business sector, the kinship between the Village Head and the BUM Desa management, and Low community participation in the development of BUM Desa.

It is hoped that the identification of village potentials will focus on community empowerment, utilization of village assets, coordination, and cooperation between BUM Desa in each Village as an economic force. It is hoped that the Government of Neglasari Village, Dramaga District, and Sukahati Village Government, Citeurep District, will grant permission to use and manage village assets in the form of village land to BUM Desa for the common interest of the village community, for example, a tourism village. It is also hoped that the Bogor Regency Government, through the Village Community Empowerment Service (DPMD), is expected to make a digital village potential identification program in the form of a digital village potential map. Spatial data is an important medium for planning, development, and sustainable management of national resources on a continental, national, regional, and local scale, such as planning at the village level. It is expected that BUM Desa do business that focuses on increasing the added value of village assets and not taking over businesses that have been carried out by the community, as has been done by BUM Desa Singasari Mandiri Energi which has been successful in the business sector selling rice, briquettes, and biogas. This innovation carried out by BUM Desa Singasari Mandiri Energi can be ATM (Adaptation, Copy, and Modification) by BUM Desa Citra Wangi and BUM Desa Sehati. In addition, in the future, BUM Desa in the Bogor Regency area is expected to focus on priority business fields by Government policies, including the Development of Information and Communication Technology (ICT) through the development of Digital Villages, Food security and animal safety programs by the characteristics of the Village through the development of farming, fishery,

and animal husbandry businesses in the Village, including cattle breeding; Development of tourism through the construction and development of tourist villages; Improving infrastructure and connectivity through the development of village infrastructure, the implementation of which is prioritized with cash-intensive work; and the national health program through improving possesses and provides facilities, preventing infectious diseases, improving community nutrition and reducing stunting in villages. It is hoped that the Central Government, through the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration, will make guidelines for implementing BUM Desa management, and evaluation evaluations can be carried out independently and periodically online by each BUM Desa. The governance evaluation includes and is not limited to cooperative, participatory, emancipatory, transparent, accountable, and sustainable principles. This assessment aims to gain trust from the village community for the management and development of BUM Desa toward village economic independence.

It is expected to add to the information literacy contributions with the same topics regarding poverty alleviation through the development of Village Enterprises as a National Resource to deal with non-military economic threats in the form of poverty. Future research can use quantitative methods to measure governance to obtain an objective assessment. Suggestions for further research based on the results of these studies are as follows research on businesses that are by local potential and the business continuity of BUM Desa: Research was conducted to analyze local potential in other villages and determine the business fields that best match this potential. In addition, research can be focused on measuring the sustainability of BUM Desa businesses, including an analysis of their impact on increasing welfare and alleviating poverty in the Village. Research on the development of

a measurement and evaluation system for BUM Desa governance: Research was conducted to develop a measurement and evaluation system that could be used by BUM Desa independently and periodically. This system must include cooperative, participatory, emancipatory, transparent, accountable, and sustainable principles. This research can focus on developing guidelines and evaluation tools that are easy to use and can increase village community trust in the management and development of BUM Desa. Research on government policies and roles in the development of BUM Desa: Conducted research on policies that can support the development of BUM Desa, including the role of the central and regional governments in providing support, facilities, and clear guidelines. This research can also involve an analysis of the role of related agencies, such as the Village Community Empowerment Service, in supporting the effective development of BUM Desa.

By conducting further research on these matters, it is hoped that it will provide deeper insights and more specific recommendations for developing and improving the implementation of the BUM Desa program and making a more significant contribution to the development and welfare of rural communities in Indonesia.

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Appendix 1. Interview and Data Validation Results

Research Question	Code A1 Response	Code B1 Response	Code B2 Response	Code B3 Response
How does the Village-Owned Enterprise (BUM Desa) identify the potential of the Village to alleviate poverty in rural areas to achieve economic self-reliance and defense resources?	The initial step was upgrading human resources through socialization, technical guidance, and online tools like Zoom, WhatsApp, and YouTube. DPMD of Bogor Regency, supported by experts and local facilitators, used the "Patriot Desa" policy. From Drone-assisted village profiling, incorporating input from IPB academics, detailed potential areas like fields, roads, plantations, and lakes. Visual profiles reveal local potentials, which, when combined with village government and community strengths, constitute the true economic power of the Village.	The Village Government issued a Decree for the Village-Owned Enterprise (BUM Desa) management, followed by village-level discussions involving the local government, village deliberation body, and BUM Desa management for village identification. Five sectors are planned: groceries, office supplies, agriculture, services, and fisheries. Currently, groceries, office supplies, and agriculture are operational. BUM Desa management envisions developing agrotourism due to crystalline guava agriculture, as Desa Neglasari is predominantly agricultural.	The Village's potential was initially assessed, revealing no natural tourism prospects. The focus shifted to existing activities, like metal craft UMKMs. The Ministry of Villages explored this metalwork potential. BUM Desa leaders, oversight, and village authorities conducted potential assessments, but not all were successful. Identifying potential was done collaboratively, including with the village deliberation body. Challenges included limited funding (around Rp70,000,000) from the village government. Full village government support for BUM Desa projects was lacking. BUM Desa facilitated central government aid distribution to the village community, prioritizing the community over the village government.	The Natural Resources Management Law states that each region has natural resources potential, particularly benefiting rural areas. With academic support, these resources become Artificial Resources (AR) and are managed with logistics by Human Resources (HR). Optimal resource management reduces imports. Diverse funding sources maximize rural potential: focus on tourism, energy, cooperatives, or defense. Combining these can create extraordinary rural potential with funding from different Ministries. Rural potential isn't just tourism. BUM Desa's village identification must focus on local natural, human, and artificial strengths while preserving local wisdom for community empowerment.

Research Question	Code A1 Response	Code B1 Response	Code B2 Response	Code B3 Response
What is Village-Owned Enterprises (BUM Desa) prioritization of business sectors for poverty alleviation in rural areas to achieve economic self-reliance and defense resources?	The selection of village business sectors is determined through a meeting involving three parties: the village government, the village consultative body, and BUM Desa management, following the identification of village potentials. It means that the main and supporting business sectors of BUM Desa are the result of a collective agreement. BUM Desa differs from legally constituted economic organizations like SMEs and cooperatives. The key distinction lies in BUM Desa's authority to manage village assets. It is its greatest strength; if it can't manage village assets well, it struggles to grow, and vice versa. If BUM Desa ventures into new businesses like microfinance services, office supplies, or grocery sales, it becomes similar to SMEs and cooperatives, fostering unhealthy competition in rural areas.	As mentioned earlier, the village business sector determination involves a meeting of three parties: village government, village consultative body, and BUM Desa management, as a follow-up to the village potential identification. The operating business sectors are grocery sales, office supplies, and agriculture. Challenges have arisen in BUM Desa's journey in Desa Neglasari, particularly in credit-based transactions for groceries, office supplies purchased by the village government, and post-harvest credit-based payments for agriculture. It impacts capital turnover in BUM Desa Citra Wangi. Despite its aim to assist villagers, credit repayment awareness among villagers needs to be improved. The priority business sector determination adheres to regulations and has been reported to DPMD Kabupaten Bogor, visible on www.bumdes.bogorkab.go.id .	There are recommendations for agriculture and livestock, but the cash flow could be faster. BUM Desa Sehati continues its agricultural venture, namely hydroponics. However, faster economic turnover is observed in the tourism sector, which also provides employment opportunities. BUM Desa Sehati manages village assets, including cultivated land previously managed by residents. The business sector was determined through consultations involving the village government, the village deliberative body, and BUM Desa Sehati management. The trade sector faces marketing challenges, mainly manual methods. BUM Desa Sehati's primary income largely comes from general trade activities.	Prioritizing BUM Desa's business sectors is determined through consultations involving the village government, village deliberative body, and BUM Desa management. The chosen business sectors are based on the area's most significant potential. In our Village, the main strengths lie in agriculture and livestock. Challenges arise due to the Village's focus on other potentials, which may incur additional costs. Bringing in external experts also presents difficulties. If these challenges emerge, the Village is not fully harnessing its potential. Village government intervention occurs by appointing BUM Desa management by the Village Head's Decree. It can lead to conflicts of interest in BUM Desa management, including funds provided by the central government.

There is a similarity/conformity in the responses from all three informants (valid/credible data)

Research Question	Code A1 Response	Code B1 Response	Code B2 Response	Code B3 Response
How is the implementation of governance of BUM Desa for poverty alleviation in rural areas to achieve the self-reliance of economic resources for defense purposes?	In essence, everything leads to good governance, but it must be acknowledged that we have limitations regarding DPMD personnel, budget, and other constraints. While everyone aims for good governance, it must be implemented comprehensively. One constraint is that the village head election system impacts the sustainability of BUM Desa management. The village head election system is the source of various issues in the Village due to emerging political dynamics, and it affects village affairs, including the management of village BUM Desa. A well-established village BUM Desa can fall apart due to changes in village leadership, as a new village head might alter the BUM Desa management team.	In general, BUM Desa governance has been implemented. Before this, BUM Desa governance was socialized by Pakuan Bogor University. Cooperative principles have been applied through coordination with the Village Head and the District's DPMD. All BUM Desa management members haven't fully embraced participatory principles due to some not understanding their roles; for instance, the secretary's role isn't clear. Emancipation principles have been followed, with all members working towards BUM Desa's goals without differences. Transparency principles have been practiced; the community knows BUM Desa's economic activities. Accountability principles are followed, demonstrated by annual financial reports submitted to the Village Head and uploaded to the website www.bumdes.bogorkab.go.id . Challenges in accountability implementation relate to the treasurer, who left BUM Desa due to another job, leaving the position temporarily held by the Chairperson before being replaced by the Village Head through a Decree.	The six governance principles are in progress but have yet to be fully implemented at 100%, around 50% for each principle. The cooperative principle involves good collaboration between the village government and the community. The participatory principle involves all management's voluntary involvement in BUM Desa Sehati's progress, yet external work commitments hinder full commitment. It's noted that stable income is not assured by BUM Desa yet. The emancipatory principle has been achieved, with equal treatment and no disparities among BUM Desa Sehati management. The transparency principle is followed; the village community is aware of BUM Desa's activities, although some remain pessimistic. The accountability principle is applied; BUM Desa Sehati reports activities and finances to supervisors, the village government, and DPMD Kabupaten Bogor, accessible on the website www.bumdes.bogorkab.go.id . The sustainability principle faces challenges, like the lack of a grand design for BUM Desa; it's currently functional but not strategic. The current focus is on metalwork for ongoing sustainability.	The six governance principles - cooperative, participatory, emancipatory, transparent, accountable, and sustainable - were initiated in the early stages of establishment. However, during the journey of BUM Desa Singasari Mandiri Energi, the BUM Desa chairman was often pressured (intervened) by the village head and eventually left. The subsequent chairman was the village head's child, which I rejected. Consequently, BUM Desa ceased to function (not sustainable). Village heads can become minor authorities and hinder BUM Desa's progress. As a suggestion, I strongly support BUM Desa as an economic pillar and for enhancing national defense, tapping into each Village's potential (agriculture, livestock, tourism, etc.). When these potentials are harnessed, full support is ensured. For instance, in my Village, biogas eliminates the need to buy 3 kg of gas, and livestock waste can be sold to BUM Desa for fertilizer and biogas raw materials. It boosts the economy, pleases farmers, and advances BUM Desa.

Source: Data Processed