

Effectiveness of Bumdes in Implementing Mandara Program to Improve Welfare in Buahan Village

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Abstract

Purpose: To assess the effectiveness of BUMDes Buahan Village in implementing the Gerbang Sadu Mandara program to improve the welfare of poor communities/Target Household Beneficiaries (RTS), and to identify key constraints affecting implementation.

Research Methodology: Qualitative descriptive study using Steers' effectiveness framework (as adopted by Tangkilisan), with analysis dimensions: productivity, adaptability/flexibility, job satisfaction, profitability, and resource acquisition.

Results: BUMDes Buahan Village has not implemented the program effectively. Credit distribution for productive economic activities did not fully absorb allocated funds due to limited community knowledge and skills to start/manage businesses. Key constraints include inadequate resources for business management, limited staffing to manage trading activities, weak capacity to produce computerized financial reports, limited loan ceilings for RTS, and low community participation in utilizing the program.

Conclusions: The Gerbang Sadu Mandara program managed by BUMDes Buahan Village has not yet succeeded in improving the welfare of the targeted poor communities, mainly due to limited institutional capacity and low readiness/participation of beneficiaries.

Limitations: The study applies a qualitative descriptive approach in a single village context, so findings may have limited generalizability to other BUMDes/program locations and do not quantify welfare impacts statistically.

Contribution: Provides practical insights for strengthening BUMDes-based poverty programs through improved human resources, entrepreneurship capacity, mentoring/training for beneficiaries, financial reporting systems, and strategies to increase community participation—using an established effectiveness framework as an evaluative lens.

Keywords: BUMDes, Effectiveness, Gerbang Sadu, Poor Communities

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1. Introduction

National development constitutes a collective effort undertaken by all components of the nation to achieve the constitutional objectives of the state. In Indonesia, national development is systematically implemented by the government, as reflected in Law Number 25 of 2004 on the National Development Planning System (SPPN Law), which emphasizes integrated, participatory, and sustainable development planning. One of the central objectives of national development is poverty reduction, particularly in rural areas where economic vulnerability remains a persistent challenge.

In this context, Village-Owned Enterprises (Badan Usaha Milik Desa/BUMDes) play a strategic role as instruments of rural economic development. Empirical evidence shows that BUMDes function as drivers of local economic growth and village development, where villages with active BUMDes tend to achieve higher development performance compared to those without such institutions (Ultari & Khoirunurrofik, 2024). Conceptually, BUMDes operate with a dual function. As a social institution, BUMDes align with community interests by contributing to the provision of social services and strengthening community empowerment. Simultaneously, as a commercial institution, BUMDes aim to generate profits through the management and commercialization of local resources in the form of goods and services, thereby enhancing village economic independence and sustainability (Olivia & Mahi, 2023).

However, the effectiveness of BUMDes in achieving these objectives is highly dependent on community participation, managerial capacity, and institutional support. Several studies emphasize that the success and sustainability of BUMDes are closely linked to active involvement of local communities and consistent support from village governments in terms of governance, capacity building, and supervision (Pawitan, Lesmono, Aritonang, & Diyanah, 2025). Without adequate human resources, entrepreneurial skills, and community engagement, the role of BUMDes in poverty alleviation and welfare improvement remains suboptimal.

To improve the effectiveness of BUMDes, it is crucial to address several critical barriers, including weak governance structures, limited access to financial capital, and insufficient entrepreneurial training for community members. Studies indicate that strengthening BUMDes' managerial capacity through continuous professional development and increasing access to resources, such as business loans and government funding, can significantly enhance the performance of these enterprises (F. Putra, 2023). Furthermore, collaboration with external stakeholders, including NGOs, private sector partners, and development agencies, can help provide the necessary resources and expertise to scale up successful community-driven enterprises (Aji, Retnaningdiah, & Hayati, 2022); Rahman & Yuliani, 2023).

Moreover, effective monitoring and evaluation mechanisms are essential for ensuring accountability and transparency in the management of BUMDes. By establishing robust oversight systems, BUMDes can not only improve their internal operations but also build public trust and community engagement, which are critical for achieving long-term sustainability and impact (Kurnianto & Iswanu, 2021).

1.1 Problem Identification

Based on the research background above, the research problems can be identified as follows.

1. The role of BUMDes Buahah Village in managing funds from the Mandara Integrated Village Development Movement program to improve the welfare of Target Household Beneficiaries (RTS) in Buahah Village has not been optimal.
2. The resources available for managing the Village-Owned Enterprise of Buahah Village are insufficient, particularly in entrepreneurship.
3. Training and mentoring provided to poor communities related to the development of productive economic enterprises to improve community welfare are inadequate.
4. The number of human resources within BUMDes Buahah Village for managing trading enterprises is insufficient.
5. The maximum amount of loan funds provided to the RTS is limited.
6. Community participation, particularly among RTS, in utilizing the GERBANG SADU program administered by BUMDes is low.
7. Community culture and practices remain comfortable under conditions of poverty.
8. Low knowledge levels among RTS communities constitute an obstacle to initiating business activities.

Based on the description presented in the background of the problem above, the research questions for this study are as follows:

1. How effective is the Buahah Village-Owned Enterprise (BUMDes) in implementing the Mandara Integrated Village Development Movement program in Buahah Village?

2. What constraints does BUMDes Buahhan Village face in implementing the Mandara Integrated Village Development Movement program in Buahhan Village?
3. What efforts have been undertaken to address the constraints related to the effectiveness of BUMDes Buahhan Village in implementing the Mandara Integrated Village Development program to improve the welfare of poor communities? Based on the research background described above, several problems can be identified in relation to the implementation of BUMDes programs in Buahhan Village. First, the role of BUMDes Buahhan Village in managing funds from the Mandara Integrated Village Development Movement (GERBANG SADU) program to improve the welfare of Target Household Beneficiaries (RTS) has not been optimal. Second, the resources available for managing BUMDes remain limited, particularly in terms of entrepreneurial capacity and business management skills. Third, training and mentoring provided to poor communities related to the development of productive economic enterprises are still inadequate. Fourth, the number of human resources responsible for managing trading enterprises within BUMDes Buahhan Village is insufficient.
4. In addition, several structural and socio-cultural issues persist. The maximum amount of loan funds provided to RTS beneficiaries is relatively limited, which constrains business development. Community participation, especially among RTS, in utilizing the GERBANG SADU program administered by BUMDes remains low. Furthermore, local community culture and long-standing practices tend to foster comfort under conditions of poverty, while low levels of knowledge among RTS communities constitute significant obstacles to initiating and developing productive business activities.
5. Based on these conditions, the research questions of this study are formulated as follows:
6. (1) How effective is the Buahhan Village-Owned Enterprise (BUMDes) in implementing the Mandara Integrated Village Development Movement program in Buahhan Village?
7. (2) What constraints are faced by BUMDes Buahhan Village in implementing the Mandara Integrated Village Development Movement program?
8. (3) What efforts have been undertaken to overcome the constraints related to the effectiveness of BUMDes Buahhan Village in implementing the Mandara Integrated Village Development Movement program to improve the welfare of poor communities?

1.2 Research Objectives

Based on the background and research questions above, this study seeks to achieve the following objectives.

1. To determine the effectiveness of the Buahhan Village-Owned Enterprise (BUMDes) in implementing the Mandara Integrated Village Development Movement program in Buahhan Village.
2. To identify the constraints affecting the effectiveness of BUMDes in implementing the Mandara Integrated Village Development Movement program in Buahhan Village.
3. To examine the efforts undertaken to overcome constraints related to the effectiveness of BUMDes Buahhan Village in implementing the Mandara Integrated Village Development Program to improve the welfare of poor communities.

2. Literature Review

The term “effective” derives from the English word effective, meaning successful or something that is successfully carried out. A popular scientific dictionary defines effectiveness as the appropriateness of use, utility, or capacity to support objectives. Effectiveness is a fundamental element in achieving predetermined goals or targets within any organization, activity, or program. An activity is considered effective when it achieves the goals or targets that have been set. This aligns with Emerson’s view (Soewarno, 2002), which states that “effectiveness is a measure in the sense of achieving previously determined objectives.”

The effectiveness concept can be used to evaluate an organization’s operations. This concept is one of the factors used to determine whether significant changes are required in an organization’s structure and management. In this context, effectiveness refers to the achievement of organizational goals through the efficient utilization of available resources, which is assessed in terms of inputs, processes,

and outputs. The resources referred to include the availability of personnel, facilities, and infrastructure, as well as the methods and models employed. An activity is considered efficient when it is performed correctly and in accordance with procedures, whereas it is considered effective when it is performed correctly and produces beneficial outcomes.

Duncan (Steers, 1985) outlines measures of effectiveness as follows:

1. **Goal Attainment.** Goal attainment refers to the overall effort to achieve goals, which must be viewed as a process rather than an event. Therefore, to ensure that the final goal is achieved, staging is required, both in terms of stages for achieving component parts and in terms of temporal periodicity. Goal attainment consists of several factors, namely, the time frame and targets that constitute concrete goals.
2. **Integration.** Integration refers to the measurement of an organization's ability to socialize, develop consensus, and communicate with other organizations. Integration encompasses socialization processes.
3. **Adaptation.** Adaptation refers to an organization's ability to adjust to its environment. For this purpose, the recruitment and staffing processes were used as indicators.

3. Research Methodology

This study adopted a qualitative descriptive approach. Qualitative research is a research method grounded in the philosophy of post-positivism and is used to examine phenomena under natural conditions (as opposed to experimental settings), in which the researcher serves as the key instrument (Sugiyono, 2008). Data collection in qualitative research is conducted through triangulation (combined techniques), the data analysis is inductive—qualitative in nature, and the findings place greater emphasis on meaning rather than generalization. Furthermore, (Nasution, 2008) explains that qualitative research essentially involves observing individuals in their living environment, interacting with them, and attempting to understand their language and interpretation of the world around them.

Drawing on the expert views above, qualitative research examines natural objects, in which the researcher functions as the principal instrument. This implies that researchers must directly observe natural settings, interact with participants, and understand their interpretations. In this study, the data collected were in the form of words, sentences, or images. These data were then analyzed inductively using a qualitative approach, with a stronger emphasis on meaning than on generalization. Moreover, recent research highlights that qualitative descriptive research is particularly effective for exploring lived experiences and social processes in their natural contexts, enabling researchers to capture rich, contextualized perspectives (Sutton & Austin, 2015); (Kim, Sefcik, & Bradway, 2017); (Bradbury-Jones et al., 2017). This methodology allows the presentation of findings in a manner that closely reflects participants' own words and meanings, enhancing the practical relevance of the study (McDonagh, Ferguson, Whitehead, LoBiondo-Wood, & Haber, 2020); (Colorafi & Evans, 2016).

In addition, qualitative descriptive research is recognized for its flexibility and adaptability in exploring complex, context-dependent phenomena. Recent studies emphasize the importance of researcher reflexivity in qualitative research, where the researcher's perspectives and biases are acknowledged and incorporated into the interpretation of data, ensuring a more transparent and credible process (Creswell & Poth, 2016). Moreover, data triangulation—the use of multiple data sources, investigators, or methods—enhances the validity of qualitative research by providing a more comprehensive understanding of the research problem (Flick, 2022). In this study, data triangulation was achieved by using multiple data collection techniques, such as interviews, observations, and document analysis, which allowed for a rich and nuanced exploration of the participants' perspectives and experiences (Flick, 2022).

Furthermore, the iterative process of data analysis in qualitative descriptive research involves ongoing comparison and categorization of data, ensuring that the findings remain grounded in the lived realities of participants (Saldaña, 2021b). This iterative nature of qualitative research also allows the researcher to adapt and refine research questions and methods as new insights emerge during the data collection process (Tracy, 2024).

3.1 Data Collection Techniques

The data analysis techniques employed in this study followed an interactive and iterative qualitative analysis process, where data reduction, data display, and conclusion drawing/verification occur cyclically throughout the research, not only at the end of data collection (Miles, Huberman, & Saldana, 2014).

1. Data Reduction

Data reduction refers to summarizing, selecting essential elements, focusing on what is important, and identifying themes and patterns. Accordingly, reduced data provide a clearer depiction and facilitate subsequent data collection and retrieval when needed. Data reduction may be assisted by electronic tools, such as a computer, by assigning codes to specific aspects. In recent qualitative analysis practice, coding is emphasized as a systematic way to condense large volumes of raw data into meaningful categories and themes, improving analytic clarity and traceability (Saldaña, 2021a). To strengthen thematic identification, contemporary guidance also highlights the importance of actively constructing themes as patterned meanings that answer research questions, rather than treating themes as mere summaries (Kiger & Varpio, 2020).

2. Data Display

In qualitative research, data presentation may take the form of brief narratives, charts, or relationships between categories. Displaying data facilitates understanding of what occurs. Recent methodological work also notes that structured displays (e.g., tables, matrices, diagrams, and conceptual links) support the researcher in seeing connections between categories, improving interpretive rigor and transparency in reporting findings (Miles et al., 2014; Nicmanis, 2024).

3. Conclusion Drawing and Verification

The initial conclusions proposed are provisional and may change if strong supporting evidence is not found in subsequent stages. However, if the conclusions presented in the early stage are supported by valid and consistent evidence when the researcher returns to the field to collect further data, the conclusions can be regarded as credible. Recent qualitative approaches similarly stress that conclusions must be continually checked against the data, ensuring that interpretations remain grounded and consistent as analysis progresses (Tracy, 2024).

Thus, qualitative research conclusions may be able to answer the research questions formulated from the outset, but they may also fail to do so, because—as noted—problems and research questions in qualitative research remain tentative and may develop further as the research proceeds in the field.

4. Result and Discussion

BUMDes is a village enterprise institution managed by the community and village government to strengthen the village economy and is established based on village needs and potential. The establishment of BUMDes is grounded in village needs, potential, and capacity to improve community welfare. The planning and establishment of BUMDes were initiated by the village community, with intervention from the village government. The central government only provides funding for the establishment of BUMDes and conducts the oversight (Ultari & Khoirunurrofik, 2024).

The involvement of the village government as a co-founder of BUMDes alongside the community is expected to enable the fulfilment of Minimum Service Standards (SPM), which are manifested in the form of protection against harmful third-party interventions (whether originating from within or outside the village). Therefore, the village government must play a role in establishing BUMDes as a legal entity grounded in the prevailing regulatory framework and aligned with agreements developed within the village community. BUMDes also represents the embodiment of comprehensive village community participation, such that it does not create a business model dominated by certain groups at the village level. In other words, the established rules should constitute a solid institutional mechanism. Strengthening institutional capacity leads to binding rules that apply to all members.

Recent studies emphasize that strong institutional arrangements and good governance practices—particularly transparency, accountability, and participation—are critical determinants of BUMDes performance and sustainability, as they reduce elite capture and ensure that benefits are distributed more equitably across village communities (Kurnianto & Iswanu, 2021; Ultari & Khoirunurrofik, 2024).. Furthermore, legal certainty and regulatory compliance provide BUMDes with legitimacy and protection, enabling them to operate more professionally and resist undue external pressures (A. Sari, Putra, & Lestari, 2023).

With the establishment of BUMDes, it is expected that development can be enhanced in ways that improve village community welfare and ultimately contribute to national welfare. Village-owned enterprises are village business institutions managed by the community and village government to strengthen the village economy. They are formed based on the needs and potential of the village. The establishment of BUMDes constitutes a manifestation of village productive economic management, one aspect of which is transparency. This means that the management of village funds within BUMDes must be clear and aligned with the existing regulations. Empirical evidence shows that transparent financial management and participatory oversight mechanisms significantly improve public trust and the effectiveness of BUMDes in supporting local economic development (Junaidi & Adnan, 2023).

The purpose of establishing BUMDes is to accommodate and stimulate all community economic activities, whether those that grow and develop according to customs and local culture or economic activities delegated to be managed by the community through programs of the central, provincial, local, and village governments. Its general objective is to improve welfare, particularly in RTS communities. The objectives of establishing BUMDes are to encourage the development of the village community economy, enhance creativity and business opportunities for productive economic activities among villagers, promote the growth and development of micro-enterprises in the informal sector, increase income and welfare of village communities, and increase village own-source revenue.

As a village-owned business entity, BUMDes must contribute to the village economy. This is consistent with the original objectives of BUMDes, as stipulated in its statutes and bylaws (AD/ART). The management of BUMDes must be professional and independent so that, in addition to sustaining business continuity, it can also contribute to improving the village's economy. One way to achieve this is by optimizing the profits generated by BUMDes business activities. The profits generated are generally allocated to meet capital needs and increase village revenue.

To achieve these aims, contributions in the form of an effective work system and strong cooperation among all parties involved in the operation of the enterprise are necessary. With good cooperation, activities will proceed as expected, including how the finances of BUMDes business operations are managed. Each BUMDes should manage funds professionally and transparently, in accordance with the policies of each BUMDes, so that the business can operate effectively. Professional and transparent fund management can help maintain business continuity and strengthen the village economy. Transparent and professional fund management can also serve as an illustration of how the business has changed from year to year.

Sound financial management may also serve as a reference for assessing the effectiveness of business operations. Effectiveness, in this context, refers to assessing the extent to which BUMDes operates effectively. As stated by Komaruddin (in Chairunnisa), effectiveness is a condition that indicates the level of success of management activities in achieving the predetermined objectives. Effectiveness is a fundamental element in attaining goals or targets established in any organization, activity, or program. An activity can be considered effective when it succeeds in achieving its stated objectives or targets. This differs from the view of (Suteja, 2015) (in Mardiasmo), who states that effectiveness is a measure of whether an organization succeeds in achieving its goals. Based on the definitions above, effectiveness can be explained as a condition in which the actual results have reached the intended targets. This means that every organization must manage its operations well to achieve its desired objectives and assess whether the business is effective.

To assess the effectiveness of BUMDes in implementing the Mandara Integrated Village Development Movement program in Buahon Village, the author applies Steers' framework as presented in (Tangkilisan, 2005), which proposes five criteria for measuring organizational effectiveness: (1) productivity, (2) adaptability or flexibility, (3) job satisfaction, (4) profitability, and (5) resource acquisition.

1. Productivity

Productivity is the capacity to utilize organizational resources as a whole. To measure productivity, indicators include the number of poor households targeted by the program, which therefore becomes a priority in implementing BUMDes work programs. The organizational productivity of BUMDes in achieving the goal of improving the welfare of poor communities in Buahon Village remains ineffective, as indicated by the organization's limited ability to comprehensively utilize existing resources. It has not yet been able to enhance available resources and local potential, resulting in the incomplete achievement of program objectives under the Mandara Integrated Village Development Movement (Armi & Nurmahmudah, 2023).

This condition is reflected in the low absorption of funds for productive economic ventures by poor communities or Target Household Beneficiaries (RTS), which remains below the predetermined targets. Recent empirical studies indicate that productivity in BUMDes is closely related to managerial capacity, planning quality, and the ability to mobilize local economic potential, particularly in transforming village resources into sustainable productive activities (Kurnianto & Iswanu, 2021; Ultari & Khoirunurrofik, 2024). As a village-owned enterprise, BUMDes is expected to maximize village potential by creating income-generating opportunities, expanding employment for unemployed community members, and building synergy with governmental and private institutions in collaborative community empowerment programs. However, limitations in strategic planning and resource utilization have constrained BUMDes Buahon Village from fully realizing these productive outcomes.

2. Adaptability

Adaptability refers to an organization's ability to adjust to environmental changes and social dynamics within its operational context. As an organization embedded within the village community, BUMDes must possess the capacity to adapt to both social conditions and local economic characteristics. In this regard, adaptability encompasses responsiveness to community needs, flexibility in program implementation, and openness to innovation.

The adaptability demonstrated by BUMDes Buahon Village can be considered relatively good. The working relationship between leadership, employees, and community members has been well established, enabling each party to perform their respective roles effectively. Studies on village institutions suggest that adaptive capacity strengthens organizational resilience, particularly when organizations maintain close interaction with community members and adjust operational strategies in response to local conditions (Ansell & Boin, 2019; A. R. Sari, 2023). Nevertheless, adaptability alone is insufficient if not accompanied by adequate productivity and institutional capacity. Without systematic innovation and skills enhancement, adaptive responses may remain reactive rather than transformative in improving community welfare.

The indicators of work adaptability are as follows:

- a. The ability of staff to build relationships with fellow staff members, including leaders. This is evidenced by cooperation in carrying out tasks and responsibilities as implementers of the BUMDes Work Program. Coordination among BUMDes administrators, the verification team, Kelian Banjar Dinas, and the village government has consistently been conducted effectively to achieve the objectives of improving community welfare and strengthening the village economy.
- b. The ability to utilize facilities and infrastructure used within the organizational environment. In terms of utilizing the available facilities and infrastructure within BUMDes Buahon Village, the condition remains less effective. Facilities and supporting tools for trading activities, such as cashier equipment, computers, and other devices, have not yet been operated according to

their intended functions. The limited resource capacity within BUMDes constrains the utilization of infrastructure that supports trading activities, thereby reducing effectiveness.

3. Job Satisfaction

Job satisfaction represents a positive condition experienced by an individual while performing their work. When work is performed under positive conditions, staff members are more likely to carry out their duties in accordance with the procedures. Considering the limited resources within BUMDes, job satisfaction among employees working in BUMDes has not yet shown satisfactory outcomes for the workers. Employees tend to remain only for several months and do not stay long because they do not obtain results that are consistent with their expectations. Job satisfaction is achieved if BUMDes can provide wages that meet the desired standards.

4. Profitability Capacity

Profitability capacity refers to a condition in which staff can maximize their work productivity, adapt effectively, and experience high job satisfaction, such that the outputs of BUMDes management become visible. Strong employee performance affects the effectiveness of services delivered through BUMDes programs. Profitability capacity can be assessed through the ability of employees to maximize the roles and functions of BUMDes by providing services and facilitating the process of applying for business credit, as well as exploring new potentials that can serve as sources of revenue for BUMDes itself. However, BUMDes' capacity to increase income from its business activities remains ineffective, as the outcomes of its trading activities have not improved.

5. Resource Acquisition

Resource acquisition is required to maximize organizational objectives more effectively. Efforts to identify and utilize resources influence the achievement of expected goals. Measurement can be based on the ability of BUMDes employees and administrators to provide information and motivate the community to collaborate in productive economic activities, thereby opening employment opportunities and providing education and training to disadvantaged community members so that they develop skills beneficial to their welfare. The key issue affecting the effectiveness of BUMDes Buahon Village in implementing the Gerbang Sadu Mandara program to improve the welfare of the poor communities targeted by the program lies in the resource acquisition capacity. Although both human and natural resources are substantial, their utilization remains ineffective.

The effectiveness of BUMDes Buahon Village in implementing the Gerbang Sadu Mandara (GSM) program can be regarded as ineffective, as indicated by the unmet achievement scores. Beyond attaining the programme's targets, several reasons explain why BUMDes has not been effective in implementing the Gerbang Sadu Mandara programme. Based on interviews conducted by the researcher with the Head of BUMDes, it was stated that not all business units within BUMDes operate effectively or as expected. Trading activities experienced stagnation after approximately three years of operation due to a lack of human resources capable of managing the enterprise so that it could contribute to BUMDes income and village revenue (I. R. A. S. Putra et al., 2025).

The distribution of business credit to poor communities has not been effective because community members lack the knowledge and skills required to develop their existing potential. Of the 257 RTS households targeted by the Gerbang Sadu Mandara program, only 105 were able to utilize the Gerbang Sadu funds managed by BUMDes, while the remainder were not able to utilize the funds. Accordingly, BUMDes has not been effective in improving the welfare of poor communities in the Buahon Village (Nuryitmawan, 2021). Constraints Faced by BUMDes Buahon Village in Implementing the Gerbang Sadu Mandara Programme to Improve the Welfare of Poor Communities. Based on interviews and observations conducted by the author and drawing from several informants, the constraints faced by BUMDes Buahon Village in implementing the Mandara Integrated Village Development Movement program in Buahon Village can be summarized as follows. First, BUMDes lacks adequate human resources to manage its trading business, such that operations cannot run effectively in accordance with the planned goals and expectations. Recent studies confirm that limitations in managerial and human resource capacity significantly hinder BUMDes' operational performance, particularly in business

development and service delivery, as most personnel lack formal training and experience in enterprise management (Kurnianto & Iswanu, 2021).

In addition to limitations in the trading business unit, BUMDes administrators have insufficient capacity for financial management, particularly in preparing financial reports. This is consistent with findings that BUMDes often face challenges in financial reporting and accountability due to weak financial literacy and inadequate bookkeeping systems, which in turn affect compliance with reporting requirements from funding agencies (Asmawanti, Fitranita, & Febriani, 2022). This repeatedly becomes a problem during each reporting period requested by the provincial government as the fund provider for the Gerbang Sadu Mandara program. Beyond the internal constraints within BUMDes, there are also constraints among the community as the target group of the Gerbang Sadu program. Community members intending to receive financial support have not yet had the capacity to utilize the programme to improve their welfare due to limited knowledge and low willingness to build a business. This, in turn, becomes a constraint for BUMDes in improving the welfare of poor communities in Buahon Village.

Efforts Undertaken by BUMDes to Address Constraints in Implementing the Gerbang Sadu Mandara Program to Improve the Welfare of Poor Communities. BUMDes plays a substantial role in implementing government programs. In this case, the village government grants authority to manage Special Financial Assistance through the Mandara Integrated Village Development Movement program, the aim of which is to strengthen the village community's economy and develop village-owned enterprises as a source of village revenue. In response to these issues, BUMDes Buahon Village evaluated its loan distribution program to households by increasing loan amounts to enable community members to start businesses. In addition, lending for livestock business groups can be increased alongside the provision of business loans (Putrawan, Sudiana, & Yuniasih, 2025).

Empirical evidence from similar programs suggests that increasing loan access for rural households is a crucial strategy for fostering entrepreneurship and improving economic resilience in the village economy. However, loan accessibility alone may not be enough if it is not paired with effective capacity-building initiatives that teach financial literacy and entrepreneurship skills to the community member (Kurnianto & Iswanu, 2021; Prathama, 2022). In addition, lending for livestock business groups can be increased alongside the provision of business loans. Recent research indicates that targeting specific sectors, such as livestock, has proven effective in addressing local needs and generating income for rural communities (Sudiana & Yuniasih, 2025). Providing business loans with adequate mentoring and financial management support can significantly enhance the success rate of such ventures (Nurrisa & Hermina, 2025). BUMDes also requires cooperation with government institutions and the private sector to establish partnerships for training and education targeted at community members, particularly those who do not possess relevant skills. Through such efforts, changes are expected to occur within the community, enabling greater active participation in the implementation of productive economic development programs aimed at improving the welfare of Buahon Village residents.

5. Conclusion

Based on the research findings and discussion, the following conclusions were drawn:

1. The Village-Owned Enterprise (BUMDes) of Buahon Village, in implementing the Gerbang Sadu Mandara program to improve the welfare of poor communities in Buahon Village, has not been effective. The business efforts undertaken by BUMDes through the distribution of credit for productive economic activities for poor communities or Target Household Beneficiaries, who constitute the priority group under the Gerbang Sadu Mandara program, have not fully absorbed the allocated funds because of limited knowledge and skills among community members to initiate businesses.
2. The constraints faced by BUMDes Buahon Village in implementing the Gerbang Sadu Mandara program include limited resources for managing BUMDes business activities, a shortage of personnel with the capability to manage BUMDes trading enterprises, and limited capacity to produce computerized financial reports. Community participation in utilizing the Gerbang Sadu program managed by BUMDes also remains low. As a result, this highly beneficial program has

not yet been able to improve the welfare of the poor communities targeted by the Gerbang Sadu Mandara program.

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