

# The influence of village fund capital participation in Village-Owned Enterprises on the development of Village-Owned Enterprises and the economy of the Wania District community

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## Abstract

**Purpose:** This study aims to analyze the influence of village fund capital participation on the development of Village-Owned Enterprises (BUMKam) and its impact on the economic improvement of the community in Wania District, Papua. It seeks to understand how financial support from village funds contributes to the sustainability of BUMKam operations and local economic growth.

**Research/methodology:** A quantitative descriptive method was applied using questionnaires, observations, and documentation. The sample consisted of 13 respondents, including BUMKam administrators and community members, selected purposively. Data analysis compared pre- and post-capital injection conditions, emphasizing enterprise growth, job creation, and welfare improvement.

**Results:** The findings show that capital participation from village funds has positively influenced the growth of BUMKam in Kampung Mawokauw Jaya and Kampung Nawaripi. It enabled the establishment of several productive units and provided job opportunities, contributing to increased local income and economic activity. However, challenges remain, particularly in financial reporting and management capacity among BUMKam administrators.

**Conclusions:** While the injection of capital has facilitated enterprise growth and modest improvements in local welfare, the full potential of BUMKam is hindered by gaps in administrative skills and community engagement. Sustainable impact requires capacity building, transparent governance, and strategic support.

**Limitations:** The study's small sample size and reliance on descriptive analysis limit broader generalization and causal conclusions.

**Contribution:** This study provides preliminary evidence of the positive impact of Village Fund capital participation on Village-Owned Enterprises (BUMKam) and the local economy, while offering practical insights for more effective village fund management.

**Keywords:** *Community Economy, Village Fund Capital Participation, Village-Owned Enterprises (BUMKam)*

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## 1. Introduction

Village development in Indonesia is a key factor in improving community welfare. One significant government policy is the allocation of Village Funds, which aims to accelerate infrastructure development and community empowerment (Fathor, 2024). Local economic development is not just a trend, but a strategic approach focused on empowering the unique potential in a region to create sustainable and inclusive economic growth based on a top-down development model (Mere, Santoso, Mutiasari, Rahmawati, & Harahap, 2023). Local economic development acknowledges and utilizes the wealth of natural resources, community skills, cultural heritage, and innovations that arise from within the community (Aldayana et al., 2024).

Local economic development initiatives are becoming increasingly relevant amid the challenges of globalization and intense competition. These efforts aim not only to increase income and create jobs, but also to strengthen the economic resilience of regions against external shocks, reduce social inequality, and preserve local identities and wisdom. Local economic development plays a crucial role in reducing social disparities. By empowering marginalized groups, such as micro, small, and medium enterprises, women, and indigenous communities, this initiative can create more equitable economic opportunities. Furthermore, local economic development involves preserving local identity and wisdom (Febriani & Hamid, 2024). Unique local products, traditional crafts, and economically valuable cultural practices can be promoted and developed as attractions that distinguish one region from another. Strategies can include developing local flagship sectors, improving human resource quality, infrastructure improvements, promoting culture- and nature-based tourism, supporting local innovation and entrepreneurship, and strengthening local economic institutions.

The key to successful local economic development lies in synergistic collaboration among various parties (Zafriana et al., 2024). Local governments play a role in creating supportive policies and facilitating development; local entrepreneurs drive the economy; civil society organizations have a deep understanding of the community's needs and potential; and all community elements are both subjects and objects of this development. With solid cooperation, it is hoped that a brighter and more empowered economic future will be achieved for each region, where independence and welfare are not just dreams but a shared reality built from the grassroots level.

Village Funds are one of the most significant sources of funding for village development in Indonesia (Marekan & Ansori, 2019). The use of Village Funds is expected to strengthen the local economy through the development of Village-Owned Enterprises (BUMKam) in the villages. The Village Funds have been used for various programs and activities. However, questions remain regarding the extent to which Village Funds impact the development of BUMKam and their effect on the local community's economy. BUMKam is an institution owned and managed by the village community, often in the form of a cooperative or another type of business based on the potential available in the village. In the implementation of Village Funds in Indonesia, many complex issues arise, involving various aspects, as outlined in the following main problems.

According to Law No. 6 of 2014, Article 1, Paragraph (6), Village-Owned Enterprises (BUMDes) are business entities whose entire or most of the capital is owned by the village through direct participation derived from the village's wealth, which is separated to manage assets, provide services, and run other businesses for the greatest possible welfare of the community. The establishment of BUMDes is expected to improve the community's economy and generate Village Original Income (PADes). The selection of BUMDes begins with the village's capital contributions. Based on Law No. 23 of 2014, regions can contribute capital to State-Owned Enterprises (BUMN) and/or Village-Owned Enterprises (BUMDes). The capital contribution referred to in Article 304, Paragraph (1) is carried out in accordance with the applicable regulations. This means that the Law on Regional Government grants local governments the authority to make capital contributions only to BUMN and/or BUMDes.

The main goal of BUMDes is to advance the village economy (Fanggidai, Molidya, & Guterres, 2024), reduce poverty, create jobs, and increase the income and welfare of the village community (Gayo, Erlina, & Rujiman, 2020). However, the effectiveness of Village Fund usage in developing BUMDes and its

impact on the village economy require further analysis. BUMKam is one of the priority programs for using Village Funds and serves as an important instrument for empowering the economy at the village level. However, its implementation often faces various conditions, both positive and challenging, that need to be addressed, including the conditions of BUMKam funded by Village Funds. As a driver of the local economy, BUMKam is expected to act as a catalyst for the village's economic activities by utilizing the available natural and human resources (Gesela & Rusliani, 2024). Village Funds can be used as initial capital or for the development of BUMKam businesses, creating job opportunities. Through various business units operated by BUMKam, jobs are expected to be generated for the village community, thereby reducing unemployment (Siagian, Sihombing, & Berutu, 2024). The profits earned by BUMKam can serve as additional income for the village, which can then be used to finance other village development and program activities in the future. As BUMKam develops, it is hoped that the overall welfare of the village community can be improved through various economic benefits (Ilham, Muttaqin, & Idris, 2020). Village Funds can be utilized to develop BUMKam business units based on a village's flagship potential or local products.

Challenges and issues commonly faced in developing these businesses include a lack of knowledge and skills among BUMKam managers in business management, finance, and marketing. The choice of BUMKam business types is sometimes not based on market potential analysis and a solid business feasibility study, making it difficult for some business units to compete or become less attractive to the market. Although initial capital assistance from Village Funds is provided, BUMKam often struggles to obtain additional capital or financing access from financial institutions for further business development. The management of BUMKam is sometimes influenced by local political interests, leading to the appointment of incompetent managers or the selection of less-prioritized business units. Moreover, the success of BUMKam is heavily dependent on the active participation of the entire village community. This participation is often low due to a lack of understanding or a sense of ownership of the BUMKam.

The monitoring system for fund management and BUMKam operations is often ineffective, making it prone to deviations and a lack of accountability. Changes in regulations related to BUMKam and Village Funds can sometimes confuse managers and hinder business development. The government, both at the central and regional levels, continues to strive to improve BUMKam performance through various training programs, mentoring, providing access to financing, and strengthening the regulations. Increasing community participation and more stringent oversight have also become key focuses of the government. In this context, Wania District in Mimika Regency is one of the districts that has received special attention due to the potential business opportunities and local resources it possesses. Village Funds have positively impacted the development of BUMKam in Wania District, including increasing the number of BUMKam, opening job opportunities, improving village original income, and assisting in village development. Through this analytical research, it is expected to determine the extent to which Village Funds contribute to the development of BUMKam and their impact on the local economy in the village.

This research also aims to provide recommendations for more effective and sustainable Village Fund management so that it can provide greater benefits for the village community. This study is important for understanding the dynamics of Village Fund management in the context of local economic development and providing a clear picture of the potential that can be developed in each village in Wania District. Additionally, this research is important for understanding the extent to which Village Funds influence the development of BUMKam and their impact on the local economy. Through this analysis, we hope to find better strategies for Village Fund management will be found, ensuring optimal benefits for the community. This study also aims to provide recommendations to stakeholders to enhance the effectiveness of Village Fund usage, contributing to sustainable economic development in the villages of the Wania District.

## **2. Literature Review**

### **2.1 *Economic Development Theory***

Economic development theory explains how resources are allocated to improve the welfare of the community. In the context of Village Funds, this theory emphasizes the importance of investing in

infrastructure and public services to drive local economic growth (Husen & Baranyanan, 2021). Economic development aims to improve community welfare by enhancing local economic capacity. Growth theory explains how investment, including Village Funds, can boost economic productivity (Fahmi, 2025). Village Funds are budget allocations from the central government to villages to support development. Referring to regulations that govern the use of Village Funds, including the focus on community empowerment and local economic development, the local economy emphasizes the importance of developing small and medium enterprises (SMEs) and BUMKam as the main drivers of economic growth at the village level. Village Funds are expected to improve BUMKam's capacity to provide the goods and services needed by the community.

## **2.2 Community-Based Development Theory**

Community participation is a theory that emphasizes the importance of active community involvement in every stage of development, from planning and implementation to supervision (Akbar, 2018). The Village Fund mechanism, which involves village consultations, aligns with this principle. Empowerment aims to increase the capacity and independence of a community in managing resources and making decisions that affect their lives (Fadhilah, Utomo, & Riyanti, 2024). Village Funds are expected to act as a catalyst for community empowerment through participatively planned and implemented programs and activities (Pelawi & Asbi, 2025). Accountability and transparency depend heavily on resource management. The reporting and accountability mechanisms of Village Funds, along with transparency to the public, are crucial aspects of this theoretical framework.

## **2.3 Justice and Development Equality Theory**

One of the primary goals of Village Funds is to reduce development disparities between urban and rural areas (Tangkumahat, Panelewen, & Mirah, 2017). By allocating resources directly to the villages, it is hoped that development in rural areas can be accelerated and the quality of life of the village community can be improved. Equal opportunities and Village Funds are expected to create more equitable economic and social opportunities across Indonesia. Investments in infrastructure, education, health, and local economic development at the village level can provide broader access to village communities.

## **2.4 Governance Theory**

Transparency in managing Village Funds, with clear information regarding allocation, usage, and development results, is an essential element of good governance (Bashiri, Lindrianasari, & Dharma, 2023). Village government accountability involves taking responsibility for managing Village Funds for the community and higher levels of government. Reporting and auditing mechanisms are part of this accountability process. Participation involves community involvement in the planning, implementation, and supervision of Village Funds, ensuring that development aligns with community needs and aspirations. The responsiveness of the village government is expected to address the community's needs and complaints in managing Village Funds and carrying out development. In this case, BUMKam acts as an economic institution managed by the village to increase the village's original income and provide services to the community, promoting economic independence through community-managed local businesses.

BUMKam, or Village-Owned Enterprises, are legal entities established by the village or in collaboration with other villages to manage businesses, assets, flagship products, services, and other economic activities for the benefit of the village community's welfare. Village development aims to improve human quality of life and reduce poverty through the provision of basic needs, infrastructure development, economic potential development, and the sustainable use of natural resources and the environment, emphasizing cooperation, family values, and mutual assistance (Poluan, Pangkey, & Tampi, 2019). BUMKam, as an economic entity at the village level, is rooted in institutional economics. The role of institutions in economic development highlights the importance of institutions such as BUMKam in facilitating economic activities, reducing transaction costs, and creating a conducive business environment at the local level. Clear ownership rights of BUMKam by the village and good governance (Na, Yuliansyah, & Oktavia, 2024) are crucial factors for BUMKam's success as a sustainable economic institution that benefits the community. In social entrepreneurship, BUMKam's dual mission is to develop innovative and creative business models, harness local resources, and meet

market demands both within and outside the village. Through various business units, BUMKam can create jobs, increase community income, and provide access to goods and services needed by the village. Local economic development theory, in applying the use of local resources, emphasizes the importance of identifying and utilizing available natural resources. In public economics theory, the government plays a role in the economy, including public goods and services provision. BUMKam can serve as an instrument for village governments to provide public services that the private sector cannot or does not efficiently provide, such as clean water management and local transportation. BUMKam can increase the community's access to quality and affordable public services. Profits generated from these public services can be reinvested to improve service quality or to develop other businesses that benefit the community. Community empowerment theory emphasizes enhancing the community's capacity and independence in decision-making and acting to improve welfare.

BUMKam can empower village communities through participation in ownership, management, and utilization of business outcomes (Sawir et al., 2023). Community involvement in BUMKam can improve knowledge, skills, and ownership of assets and the village's potential. BUMKam not only creates jobs but also provides opportunities for the village community to learn and develop various aspects of business management. The success of BUMKam will boost the community's self-confidence and independence in managing resources and achieving welfare goals. Sustainable development theory emphasizes the importance of development that meets current needs without compromising the ability of future generations to meet their needs (Wowor, 2017). BUMKam can be directed toward developing sustainable businesses that are economically, socially, and environmentally viable. Wise utilization of local resources, environmental preservation, and the creation of long-term benefits for the community are essential principles of BUMKam's sustainable development. BUMKam becomes an agent of change by promoting responsible and sustainable business practices at the village level. Focusing on the sustainable utilization of local potential and creating long-term value will positively contribute to the long-term development of the village.

BUMKam can collaborate with or receive business capital from any party, such as private partnerships, social economic organizations, or other donor agencies, as well as from central, provincial, or district/city governments, channeled through the APBKampung mechanism, or from village capital contributions or community savings. BUMKam may also face bankruptcy. The losses incurred by BUMKam are its responsibility. If BUMKam cannot cover losses with its assets, it is declared bankrupt through village consultation. Business units within BUMKam that cannot cover losses with their assets will be declared bankrupt, in accordance with bankruptcy laws.

BUMKam can collaborate with two or more BUMKams from other villages or districts within a single regency. In such cases, the collaboration must obtain approval from each participating village, formalized in a Joint Regulation by the Heads of Villages. Collaborations between legally established BUMKam business units are governed by the regulations of Limited Liability Companies (PT) and Microfinance Institutions. Collaborations between two or more BUMKams are formalized through cooperation agreements established by the Operational Implementers of the cooperating BUMKams.

### **3. Research Methodology**

This study used a quantitative approach with a descriptive method. Data collection techniques were conducted through observations, questionnaires, and documentation. The population of this study includes all the administrators and members of Village-Owned Enterprises (BUMKam) as well as the community in Wania District who have been impacted by capital participation from the Village Fund. The sampling method was purposive sampling, with specific criteria relevant to the study objectives. The main instrument for this research was a questionnaire designed based on indicators of BUMKam development and community economic variables. The collected data were analyzed using descriptive statistical techniques to determine the effect of capital participation on BUMKam development and the community economy. The analysis was conducted by comparing the conditions before and after village capital participation.

## 4. Results and Discussion

### 4.1 Respondent Characteristics

The description of the respondent characteristics in this study included gender, age, and occupation. The sample used in this study consisted of 13 individuals residing in Kampung Mawokauw Jaya and Nawaripi in the Wania District, who were the target group for the Business Capital Assistance Program for BUMKam Development.

#### 4.1.1 Gender

Based on gender, the study found that there were seven male respondents, representing 53.85% of the total, while six female respondents represented 46.16%. With 53.85% of the respondents being male, the majority of the respondents in this study were male. The detailed distribution of respondents based on gender is shown in table below.

Table 1. Number of Respondents by Gender

No	Gender	Number	%
1	Male	7	53.85
2	Female	6	46.16
<b>Total</b>		<b>13</b>	<b>100.00</b>

Source: Primary Data Processing 2025

This table consists of three main columns: Serial Number, Respondents by Gender, and the Percentage of Respondents by Gender relative to the total number of respondents. Table 1 shows that in this study, the number of male respondents slightly outnumbered the female respondents. Of the 13 respondents, 53.85% were male and 46.16% were female. The data source for this table is primary data processed directly by the researcher in 2025.

#### 4.1.2 Age

Based on age, it was found that the number of respondents aged 20 to 29 years was two, representing 15.39%. The 30–39 age group had four people, representing 30.77%, which dominated the respondent distribution. The 40 to 49 age group consisted of five people, representing 38.47%, and the 50 to 59 age group had two people, representing 15.39%. The detailed distribution of respondents based on age is shown in table below.

Table 2. Number of Respondents by Age

No	Age	Number	%
1	20 – 29	2	15,39
2	30 – 39	4	30,76
3	40 – 49	5	38,46
4	50 – 59	2	15,39
	<b>Total</b>	<b>13</b>	<b>100,00</b>

Source: Primary Data Processing 2025

This table shows the age distribution of respondents in this study. The 40–49 age group had the largest number of respondents (38.46%), followed by the 30–39 group (30.76%). The 20–29 and 50–59 age groups each accounted for 15.39% of the total. The data source for this table is primary data processed in 2025, which was directly collected by the researcher.

#### 4.1.3 Occupation

There were 3 respondents were employed as village officers, representing 23.08% of the total respondents; three respondents were BUMKam administrators, representing 23.08% of the total respondents; and the largest group, seven respondents, worked in the private sector, representing 53.84% of the total respondents. The total number of respondents in this study was 13 (100 %).

Table 3. Number of Respondents by Occupation

No	Occupation	Number	%
1	Village Officer	3	23.08
2	BUMKam Administrator	3	23.08
3	Private Sector	7	53.84
<b>Total</b>		<b>13</b>	<b>100.00</b>

Source: Primary Data Processing 2025

This table shows the distribution of respondents based on their occupations. Most respondents (53.84%) worked in the private sector, followed by an equal number of village officers and BUMKam administrators (23.08% each). The data source for this table is primary data processed in 2025, which was directly collected by the researcher.

#### 4.2 The Effect of Village Fund Capital Participation on Village-Owned Enterprises (BUMKam) Development

To analyze the effect of Village Fund capital participation on the development of BUMKam and its impact on the local economy in Wania District, a questionnaire was distributed to 13 respondents. The general aim of the Village Fund capital participation in BUMKam is to enhance the welfare and job opportunities of the community by promoting independence in decision-making and managing its development. One of the measures used to assess the effect of Village Fund capital participation on the development of BUMKam and the economy of the community in Wania District includes several indicators such as an increase in village income, local economic growth, and job absorption.

##### 1) Capital Participation Process for BUMKam in Mawokauw Jaya and Nawaripi Villages

Capital participation in BUMKam is required to build the programs to be implemented at BUMKam Karya Mandiri in Kampung Mawokauw Jaya and BUMKam Nawaripi Jaya in Kampung Nawaripi. These needs include the management of economic assets and the potential of the village itself. The village's capital and wealth are regulated by Article 135 of Law No. 6 of 2014. The initial capital for BUMKam comes from the village's APBK (Village Budget). Some BUMKam capital consists of village and community capital participation (Asafo, 2024). Village capital participation comes from the APBN (National Budget) and other sources of funding. Capital participation in BUMKam can come from Village Funds (DD) or from the community's own capital. Village Funds must be used and accounted for properly and transparently. The following is a report on Village Funds from 2020 to 2024.

Table 4. Village Fund Sources for Mawokauw Jaya Village

Name	Fund Allocation	2020	2021	2022	2023
DD		778,983,000	955,663,000	1,054,852,000	1,039,005,500
ADD		1,037,209,608	1,371,629,340	1,400,138,848	1,603,138,248
PBH		200,106,700	200,506,805	203,095,975	206,395,975
<b>Total</b>		<b>2,016,299,308</b>	<b>2,527,799,145</b>	<b>2,658,086,823</b>	<b>2,848,539,823</b>

Source: Mimika Regent Regulation, 2020-2024

Table 4 shows that Mawokauw Jaya Village receives three sources of funds to support the implementation of development and community empowerment activities every year. These funds come from both the central and regional governments and are detailed as follows:

- DD (Village Fund): a budget allocation sourced from the State Budget (APBN) for village use
- ADD (Village Allocation Fund): a budget allocation sourced from the Regional Budget (APBD) for the village
- PBH (Revenue Sharing Tax): local government income distributed to villages

This table shows the fluctuations in the total funds received by Mawokauw Jaya Village from 2020 to 2024. The total funds tend to increase from 2020 to 2023, reaching a peak in 2023 and then decreasing in 2024. The largest contribution came from ADD, followed by DD, with PBH contributing the least.

Table 5. Village Fund Sources for Nawaripi Village

Name	Fund Allocation	2020	2021	2022	2023
DD		1,500,123,000	1,569,515,000	1,357,855,000	1,306,165,000
ADD		1,450,972,632	1,371,629,340	1,210,636,200	2,386,153,848
PBH		200,106,700	200,506,805	203,095,975	206,395,975
<b>Total</b>		<b>3,151,202,332</b>	<b>3,141,651,145</b>	<b>2,771,587,175</b>	<b>3,898,714,823</b>

As shown in Table 5, Nawaripi Village receives three sources of funds to support the implementation of development and community empowerment activities every year. These funds are provided by both the central and regional governments. This table shows the fluctuations in the total funds received by the Nawaripi Village during the 2020-2024 period. The total funds remained stable in 2020 and 2021, saw a significant decline in 2022, increased sharply in 2023, and again declined in 2024, although they were still higher than in 2020-2022. The largest contribution to the total Village Fund comes from ADD, followed by DD, with PBH contributing a relatively smaller portion. There was a noticeable increase in ADD allocation in 2023, which impacted the total funds for that year.

Table 6. Capital Participation for Mawokauw Jaya Village

No	Village Assets	Type of Activity	Year	Budget Amount	Source of Funds	Notes
1	Initial Capital	3 activities: Water gallon depot, iron welding workshop, garbage motor	2022	130,000,000	DD	BUMKam Karya Mandiri
2	Capital Injection	2 activities: Purchase of operation motor for depot, additional working capital for purchasing materials	2023	25,000,000	DD	BUMKam Karya Mandiri

Source: Archives of BUMKam Mawokauw Jaya

Table 6 illustrates the capital participation provided by Mawokauw Jaya Village to BUMKam Karya Mandiri as support for BUMKam's development and to support economic activities in the Mawokauw Jaya community through the programs implemented by BUMKam. This table shows that Mawokauw Jaya Village made capital participation to BUMKam Karya Mandiri in two stages: initial capital in 2022 amounting to 130,000,000 and additional capital of 25,000,000 in 2023. Both capital contributions came from the Village Fund and were used to develop various business units under BUMKam Karya Mandiri.

Table 7. Capital Participation for Nawaripi Village

No	Village Assets	Type of Activity	Year	Budget Amount	Source of Funds	Notes
1	Initial Capital	3 activities: Water gallon depot, BLK, fish pond	2020	200,000,000	DD	BUMKam Nawaripi Jaya
2	Capital Injection	2 activities: Building a gazebo at the fishing pond, leveling the parking area at the fishing pond	2021	75,000,000	DD	BUMKam Nawaripi Jaya

Source: Archives of BUMKam Nawaripi



Table 7 presents data on capital participation from Nawaripi Village. This table details the village assets used as capital, types of activities funded, budget year, amount of capital provided, source of funds, and related notes. From this table, it can be seen that Nawaripi Village provided capital participation to BUMKam Nawaripi Jaya in two stages: initial capital in 2020 amounting to 200,000,000 and an additional capital participation in 2021 amounting to 75,000,000. Both capital contributions came from Village Funds and were used to develop various facilities and business units under BUMKam Nawaripi Jaya.

It can be seen in the table that there was growth in the BUMKam Karya Mandiri activities in both Mawokauw Jaya and Nawaripi Jaya villages, even though there were many challenges and issues faced, including the managers still not understanding how to manage and prepare proper financial reports for BUMKam. Additionally, the BUMKam managers and village government have not adequately socialized the existence of these businesses to the community in either Mawokauw Jaya or Nawaripi.

As BUMKam (Village-Owned Enterprises) in Mawokauw Jaya and Nawaripi Village developed, it received funding from the village government in the early years of establishment. Then in 2020, the Nawaripi Village government allocated a capital contribution of 200,000,000, and in 2021, the capital for BUMKam was allocated at 75,000,000. In 2022, the Mawokauw Jaya Village government allocated 130,000,000 for the initial capital contribution, and in 2023, the capital for BUMKam was allocated at 25,000,000. The interviews revealed that the capital contributions from 2020 to 2021 enabled the implementation of three BUMKam programs: a water gallon refill depot, a BLK (community skill training center), and a fishing pond. From 2022 to 2023, three BUMKam programs were implemented: a water gallon refill depot, garbage motors, and a metal welding workshop.

### **4.3 BUMKam Financial Management**

#### **4.3.1 Planning**

In general, planning for village capital participation is crucial for implementing activities. Capital participation from the village will be managed by the BUMKam business units. In managing the Village-Owned Enterprises (BUMKam) in Mawokauw Jaya and Nawaripi Villages, planning is an activity that involves thinking about what needs to be done with the available resources and requires administrative activities, from data collection and data processing to formulating plans to achieve the desired results. Planning the management of BUMKams involves broadly determining what needs to be done and what methods will be used to achieve the set objectives (Muhammed, Yamaguchi, Handayani, & Hagishima, 2025).

In an interview with the BUMKam Chairman, it was stated that:

*"To manage BUMKam, there needs to be a consultation to plan the appropriate capital participation for managing BUMKam. Subsequently, the management will be planned by the BUMKam managers according to the type of business that has been previously determined based on bylaws. This AD/ART (Articles of Association and House Rules) is the result of a consultation between the managers and the village government to establish the future plans for BUMKam in Mawokauw Jaya Village."*

Based on the interview above, the author concluded that planning for capital participation in managing the Village-Owned Enterprises (BUMKam) in the village should first involve a consultation with the managers and the village government, which will result in the AD/ART as a guideline for managing BUMKam. According to Nawawi's theory, planning is a management process that involves selecting a series of activities to implement as decisions about what to do, when, how, and by whom, and systematically setting controls to direct changes toward established goals.

Capital participation in BUMKam can come from Village Funds (DD) or from the community's capital contributions. Through collaboration between one village and others, as well as the village community, large-scale business fields can be developed in the region. Furthermore, the interview with the secretary of BUMKam in Nawaripi Village stated that:

*"Planning starts with meetings, and then we plan the programs to be implemented, and the financial system is allocated as best as possible."*

The Village-Owned Enterprises (BUMKam) in Nawaripi Village are managed by the Village Government in collaboration with the community. The management of BUMKam involves community members who are expected to cooperate to improve the economy of the community and increase their welfare. In managing BUMKam, planning is based on consultations with both the village government and the village community, ensuring that the desired results in managing BUMKam are achieved. The interview with the Head of Nawaripi Village revealed the following:

"The BUMKam managers need to plan their work ahead to ensure mutual benefits for the village and the community involved in managing the BUMKam."

Based on the interviews conducted with the informants, it can be concluded that the planning of village capital participation desires the village government to increase the BUMKam budget efforts so that the management can distribute planning more evenly to the community. Thus, there will no longer be disparities between those who benefit and those who do not. Planning capital participation and managing BUMKam strategies to achieve success require the involvement of a community truly interested in increasing income, thus supporting BUMKam management.

#### 4.3.2 Implementation

The implementation of activities in the village must be done and decided during the preparation of the Village Development Plan (RKPK). In principle, the implementation of village government activities, village development, and community empowerment is conducted through self-management. This means that it is done by the community under the responsibility of the village head and other village officials. The implementation of activities can involve both officials and the community. Several factors need to be considered as indicators of success in implementing Village Funds.

1. Increasing the community's knowledge of Village Funds and their usage.
2. Increasing community participation starting from village development planning (Musrenbang) and implementation of village development.
3. Synergy between activities funded by the Village Fund and other government programs in the village.
4. Increasing community self-reliance.
5. Increasing the absorption of local labor in village development activities is also important.
6. A growing number of community groups benefit from these activities.
7. Increasing the village's original income.

The existence of BUMKam serves as a means accommodates all economic and public service activities managed by the village or in cooperation between villages. The presence of BUMKam also contributes to improving the local community's economy and empowering its potential, which also contributes to the development of the village.

Based on research observations in Mawokauw Jaya Village, it was found that the Mawokauw Jaya Village Government implemented BUMKam programs in 2022, including a water refill depot, garbage motor, and iron welding workshop. An interview with one of the BUMDes managers, who operates the water refill depot business, revealed the following:

*"This business is run with great enthusiasm by the village community, because it makes it easier for the community to access clean water at a more affordable price compared to private water depots."*



Figure 1. Water Refill Depot Business



Figure 2. Iron Welding Workshop in Nawaripi Village



Figure 3. BUMKam Nawaripi Activity Post

In the implementation of Village-Owned Enterprises (BUMKam) in Mawokauw Jaya and Nawaripi Villages, a very important role is needed to achieve the goals, actions, and methods for how these actions must be performed to reach the desired objectives. Strategies support decision-making and can provide coherence between the decisions made by an organization. BUMKam plays a strategic role in the village government's efforts to improve the economic welfare of the community.

An interview with one of the Mawokauw Jaya Village community members revealed the following: *“The people of Mawokauw Jaya Village mostly work as farmers and laborers. The presence of BUMKam is something new for the community, where some of the community members who participate in the Mawokauw Jaya BUMKam program have been able to change their family income because they can work in this BUMKam.”* The establishment of BUMKam has created job opportunities for previously unemployed community members.

An interview with one of the BUMKam managers in the Nawaripi Village stated:

*“The BUMKam in Nawaripi Village has created business opportunities in its implementation and management, and all forms of businesses can yield results.”*

#### 4.3.3 Accountability

In the operational implementation of BUMKam, regular reports must be prepared, which include the implementation of the BUMKam Work Program Plan. Periodic reports include semester and annual reports submitted to advisors. The semester report contains: 1) a report on the semester's financial position and the profit and loss calculation with its explanation; 2) a detailed account of problems that arise during the semester that affect BUMKam.

The annual report contains: 1) annual calculations consisting of the year-end financial statement for the completed fiscal year and the profit and loss calculation for the relevant year; 2) financial position and profit and loss calculation consolidation reports for the business units; 3) a report on BUMKam's progress and the results achieved; 4) the main activities of BUMKam; 5) detailed issues arising and affecting BUMKam activities over the year; and 6) a report on the duties of operational management by the implementers, supervision by the supervisors, and advisory guidance by the advisors.

According to the statement of the BUMKam Treasurer to the researcher: *“The BUMKam report is submitted once a year during the village meeting regarding the financial position of BUMKam.”*

As mentioned above, the reporting mechanism is implemented annually. The reporting flow for BUMKam is prepared by each head of the business unit, which includes cash inflows and outflows, profit and loss, challenges faced, and the final cash balance of the business unit. The Village Head is responsible for BUMKam in the village.

Table 8. Profits and Losses

Profits	Losses
<ul style="list-style-type: none"> <li>• Closer access to BUMKam for the community.</li> <li>• Easier access for the community to meet their needs.</li> <li>• Community participation in BUMKam activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of data transparency.</li> <li>• BUMKam capital cannot be fully utilized.</li> <li>• Some BUMKam programs not functioning.</li> </ul>

This form of accountability serves as proof that both the village government and the BUMKam organization itself must be able to manage BUMKam programs properly and thoroughly. If there are issues or obstacles with the BUMKam program, the person responsible must directly address the problems. From the explanation above, it can be concluded that the accountability of each program created and implemented, including the challenges and obstacles encountered, requires the preparation of periodic reports for evaluation and data collection by the BUMKam managers, along with the presence of responsible individuals in the BUMKam.

#### 4.4 Impact of Village Fund Capital Participation on BUMKam

Before the implementation of BUMKam in Mawokauw Jaya Village, the community's condition was still struggling and ordinary. Year after year, the poverty issue had not been fully resolved, although the

poverty rate had decreased, and not all community members felt the welfare. After the new policy, namely the establishment of BUMKam in Mawokauw Jaya Village, the community's condition began to change positively. The impacts of village capital participation on BUMKam include:

1. The community has the capital to take advantage of business opportunities.
2. BUMKam programs are managed by both the organization and the community.
3. The community can participate in and assist with BUMKam program activities.
4. The benefits are not only for the village government but also for the community as a whole.

This BUMKam program, managed by the village community under the supervision of the BUMKam organization, began to realize its capital participation with business activities. Essentially, this business is an attempt to seize business opportunities that were created due to population mobility, both directly affected and indirectly influenced by development. Several community members who were previously unemployed are now participating in the BUMKAM program. Those who did not have significant capital to start businesses contributed their labor to help with these businesses.

An interview with the Head of BUMKam Mawokauw Jaya stated the following:

*"The welfare of the village community must be achieved through this program, both by the village government and the BUMKam implementers. The village community has a perspective on the achievements with the existence of BUMKam, starting from generating as much profit as possible and the capital received."*

The Mawokauw Jaya Village community has become more active in implementing this program, with noticeable changes in recent years. The community views welfare not as having a lot of money but as having enough income for daily needs and future preparations. In this case, the economic impact is the main focus of BUMKam, although social values also receive attention. "The welfare of the village community must be achieved through this program, both by the village government and BUMKam implementers. The village community has a perspective on the achievements with the existence of BUMKam, starting from generating as much profit as possible and the capital received."

The Mawokauw Jaya Village community has become more active in implementing this program with the changes they have experienced. The community sees their welfare as not just about having a lot of money but having enough income for daily needs and future preparation. In this case, the economic value impact is the main focus of BUMKam, but social values are also a concern (Iskandarani, Proverbs, & Xiao, 2022).

#### **4.5 Impact of Village Capital Participation on the Village Economy - Village-Owned Enterprises as a Means of Empowerment**

Local economic development, with various types of potential, is not solely based on the target of economic growth but is more importantly aimed at creating conducive economic activities and social welfare at the village level, which can at least solve obstacles to business development in the village and drive increased community income, thus achieving broader community welfare. Therefore, the development of BUMKam in Mawokauw Jaya and Nawaripi Villages has opened business opportunities for the community to embrace and benefit from. The welfare of the village community must be achieved through this program, both within the village government and by BUMKam implementers. The village community has a perspective on the achievements of BUMKam, starting from generating as much profit as possible and utilizing the received capital. An interview with the Nawaripi Village community revealed the following:

*"With the existence of this BUMKam activity, we feel that our family economy has improved, and social relationships within the community have become much more harmonious."*

With BUMKam, the condition of the village community, where a large portion of the population was previously unemployed, can now work and assist. Social relations among community members have become closer and more harmonious. With the presence of BUMKam, it is not just profit that has an impact; the economy of the community has also improved. This is what has been achieved by BUMKam in both Mawokauw Jaya and Nawaripi Villages, even though the business units being operated still generate modest income. The BUMKam program is expected to contribute to improved community welfare. The success and development of BUMKam in carrying out its duties and responsibilities also

lies in the hands of the BUMKam managers. Although BUMKam may appear simpler than other business entities, the implementation of the BUMKam program is not simple because, in executing the program, the BUMKam managers must truly understand the local village conditions and potential and must always innovate to address every change while not disregarding the goals that were previously set.

## 5. Conclusion

Capital participation in BUMKam Karya Mandiri in Mawokauw Jaya and Nawaripi Jaya Villages is a positive step in efforts to empower the village community's economy. With capital from the village, various business units can be established and developed in accordance with each village's potential. The success of BUMKam will depend heavily on good management, community support, and sustained support from other stakeholders. To better measure the impact, concrete data are needed regarding economic development, labor absorption, and BUMKam's contribution to PAD (Village Original Income) in these two villages after capital participation is made. The financial management of BUMKam has not met expectations because the managers of BUMKam in both villages have not been specifically trained on how to manage and create proper financial reports. The development of BUMKam in terms of production in Mawokauw Jaya and Nawaripi has great potential to positively impact the economy and welfare of the community. In Mawokauw Jaya, focusing on basic needs and local services can improve quality of life and create independence. In Nawaripi Village, the development of the fisheries sector and tourism potential opens up new economic opportunities. However, the extent of this impact depends on the effectiveness of production management, the quality of products and services, and BUMKam's ability to face various challenges.

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