

# Economic development and the rural environment: BUMDES development strategy

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**Abstract.** The Sustainable Development Goals in Indonesia are not only included in the national development goals but are also integrated with village development, or what are known as Village SDGs. The strategy for developing village-owned enterprises (BUMDesa) is one of the main indicators for achieving the Village SDG goals, namely Villages without poverty and Villages that care for the environment. BUMDesa is a village-owned business entity that functions to optimize village potential in improving community welfare by utilizing all economic potential, economic institutions, and the potential of natural resources and human resources. This study aims to explore rural development through the development strategies of village-owned enterprises in Mandau District and Bengkalis Regency and the factors that hinder the BUMDes development strategy. The method used in this study is a qualitative method with an exploratory type. Data collection techniques through interviews with BUMDes organizational instruments and local government and a literature review. The results of this study link the stages in running the BUMDesa business unit (Village BUM Planning, Village BUM observation, arrangement, and selection, asset maintenance, and reporting of business results) with the principles of professional, open, and responsible, participatory, priority Village management. local and sustainable resources. The development of BUMDesa has not been optimal as seen from the presence of problems, namely the organizational structure of BUMDesa as well as work procedures and relationships between BUMDesa organizational devices, constraints in carrying out duties and authorities, and management and development of technology-based business units. The implementation of deliberative democracy has not been optimal in making strategic policies related to BUMDesa, as well as in fostering, supervising, and developing BUMDesa.

## 1 Introduction

The 2030 Agenda highlights the significance of executing the 17 Sustainable Development Goals (SDGs) as a "indivisible whole" and their interconnections and interactions with the other goals. However, as goals and targets are implemented, including rural development, development analysts, policymakers, and practitioners are aware that there may be trade-offs [1]. Economic development must go simultaneously with ecological development. Law

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Number 6 of 2014 concerning villages and Government Regulation Number 43 of 2014 concerning village government regulate the formal juridical existence of villages. Law No. 4/2014's Article 1, Paragraph 1 defines a village, also known as a traditional village, as a legal unit with territorial boundaries, the power to control and manage government affairs, and the ability to uphold the rights of local communities based on community initiatives, original rights, and/or recognized traditional rights. Villages seen from a political and government administration perspective emphasize the rules that are the basis for community life and the existence of authority or power to run village government [2]. This understanding emphasizes the existence of autonomy to develop village life arrangements for the benefit of the population.

The government realizes its limitations in managing the country's resources. The government realizes its limitations in managing its resources due to limited understanding of these resources and how to use them, including villages [3]. Village autonomy is considered an authority that already exists, is rooted in village customs, and does not also mean granting or decentralization [4]. Village autonomy also means community capacity. The term village autonomy is more appropriate if it is changed to village community autonomy, which means community capacity that truly grows from the community. This model is influenced by several factors: (1) Village Government (2) Village Consultative Board (3) Village Development Planning Institutions (4) Village Financial Capacity (5) Supporting Infrastructure (6) Community Businesses [4].

Furthermore, developing community participation will lead to the realization of autonomy. Community involvement ought to occur at every level of the decision-making process, from planning through executing village development, applying findings, and assessing [4]. Village development consequently turns village communities into the subjects of development rather than the objects of it, and villages grow into the subjects of developing the welfare of their village communities instead than the objects of development. Indonesia's development is led by its villages. Considering this, the government continuing to support the village economy by allocating village funds and implementing BUMDesa development initiatives [5].

Village-Owned Enterprises (BUMDesa) are agencies that help improve the economy and maximize village potential. Some of the roles of BUMDesa include creating a good business climate, increasing capacity, expanding market access, assisting with capital, and avoiding middlemen. The village government, as the form of government presence closest to the community, needs to know the importance of BUMDesa for village development. BUMDesa was founded on the basis of the mandate of the 1945 Constitution, Article 33, which states "paragraph (1) reads; The financial system is structured up as a cooperative endeavor founded on the kinship principle, as stated in paragraph (2); the state controls production branches that are significant to it and have a significant impact on the lives of many people, as stated in paragraph (3); the state also controls the land, water, and natural resources it contains and uses them for the maximum benefit of its citizens, as stated in paragraph (4). The principles of togetherness, efficiency, justice, sustainability, environmental insight, independence, and maintaining the balance between progress and unity of the national economy form the basis of economic democracy, which organizes the nation's economy (5). Additional regulations pertaining to the application of this article are governed by law.

In Law Number 6 of 2014, it is emphasized that the village government is committed to developing villages to become independent and democratic so that they are able to provide new hopes for people's lives and are expected to have APBDesa to improve the standard of living and welfare of village communities. One of the government's strategies to make it easier for villages to increase village original income is the issuance of Regulation of the Minister of Villages, Disadvantaged Regions, and Transmigration Number 4 of 2014 concerning the Establishment, Management, and Dissolution of Village-Owned Enterprises,

which states that the village government can establish a Village-Owned Enterprise (BUMDesa) where the management of BUMDesa is the authorization of village-owned businesses.

The establishment of village-owned enterprises is based on Law Number 6 of 2014 concerning villages in Article 87, paragraph (1), which reads: "Villages can establish village-owned enterprises called BUMDesa," and paragraph (2), which reads: "BUMDesa are managed with the spirit of kinship and mutual cooperation," as well as paragraph (3), which reads: BUMDesa can carry out business in the field of economic funds or public services in accordance with statutory regulations." According to the Development of Disadvantaged Regions, Transmigration Number 4 of 2015 Article 4, and the Regulation of the Minister of Villages, Village-Owned Enterprises are business entities whose capital is wholly or largely owned by the village through direct participation originating from village assets that are separated to manage assets and services, as well as other initiatives to improve the welfare of village communities.

BUMDesa was established as the village's economy. The ultimate objective of local village economic development is to raise the village's economic standing. It is founded on the needs, potential, and capacity of the village as well as capital participation from the village government in the form of funding and village wealth. Rukin claims that this is why each village government is free to create BUMDesa following the requirements and potential of the community. The village ordinances dictate how BUMDesa is formed.

The lack of legal certainty related to BUMDesa's legal entity will make it challenging to fulfill the aspirations of all villagers to operate businesses collectively in line with their unique qualities, capacities, and available resources [6]. The following are instances of how BUMDesa policies and regulations are being implemented disorientingly: first, village regulations are not compliant with other laws and regulations. Secondly, the village economy is not well-driven by community initiative. Third, the ambiguity surrounding BUMDesa's role as a commercial and social institution. Fourth, BUMDesa's professionalism has not been guided by policies. By providing BUMDesa's flexibility as a legal entity, it is possible to accelerate village welfare through BUMDesa and serve as a bridge to greater capital availability in the investment sector. The following factors are what drive BUMDesa's performance: the employees' skills, training, education, experience, and honesty (ethical behavior); their sense of responsibility, sincerity, and seriousness; their care for the environment and society; their resilience; the cohesiveness of their teamwork; the managers' open communication; their never-give-up attitude in the face of performance targets; their religiosity; their work satisfaction; and the presence of incentive mechanisms [7]. In Indonesia, establishing credit agreements with village-owned enterprises, or BUMDesa, has the potential to boost economic activity in these villages. In addition, challenges during the Village-Owned Enterprises and the Community credit agreement include the debtor's bad faith, erratic income, crop failure on agricultural land, credit funds utilized for other purposes, and debtors' defaults or nonpayment of installments because of family issues [8].

Departing from the problems presented above, it is important to exploration about Rural development through BUMDesa development strategies in Mandau District, Bengkalis Regency. The reason Mandau District was chosen as the research locus is that it is the main sub-district in the Duri area and its natural source of income is crude oil. Mandau District administratively currently has nine sub-districts and two villages, namely Harapan Baru Village and Bathin Bertuah Village.

## **2 Methods**

The method used for this study is qualitative. Research techniques referred to as qualitative methods generate descriptive data in the form of people's written or spoken words and

observable behavior [9]. The research methodology is an exploratory type and literature study, which uses literature in the form of books, articles, journals, mass media reports, statute regulations, and other sources to try and paint a picture or expose and thoroughly examine certain social phenomena without intervention, hypotheses, or measurements. Generally speaking, this study employs two complementary and related methods of gathering data: literature reviews and in-depth interviews. Primary and secondary data were both gathered for this study. Primary data is obtained directly from informants using in-depth interviews. Meanwhile, secondary data is data obtained through document analysis or a literature study. Informants are people or individuals who can provide information to researchers. To select informants, researchers used a purposive sampling technique (choosing deliberately) by selecting informants, namely: Bengkalis Regent, Community and Village Empowerment Service and Related Regional Apparatus Organizations, Mandau District Head, Village Government, and Village Consultative Agency, as well as managers and members of BUMDes Harapan Baru and Batin Betuah and business people related to both BUMDes.

### **3 Results and discussion**

Local economic activities in BUMDes governance support the people's economy. People's economic activities are important and related to the preservation of natural resources and ecology. The research results will be divided into two main focuses: rural economic development and rural environmental development through BUMDes.

#### **3.1 Economic development through BUMDes**

Although a few define public welfare as social welfare, economic welfare is the term most used to describe the idea (concept and theory) of public welfare. It is argued in Economic Welfare that each person and society should prioritize meeting their more basic material needs (goods and services), with little attention given to social science concerns [10]. The goals of BUM Desa, which was established by the village government, are to enhance the well-being of the village community by harnessing all available economic resources, including natural resources and human capital. BUMDesa cannot be compared to other legal entities like cooperatives or limited liability companies. As a result, BUMDesa is a company with village attributes that, through the course of its operations, serves the needs of the village community as well as aiding in the management of the village government. Services, trade, and other tasks related to economic development can also be completed by BUMDesa. BUMDesa can gather savings locally in village communities, including managing loans, savings accounts, and revolving funds, by expanding the village's revenue sources. BUMDesa's initiatives are focused not only on generating financial gains but also on enhancing the well-being of the local community. To realize its financial potential, BUMDesa is anticipated to establish business units. It is quite possible that the BUMDesa will adhere to the legal entity specified in the provisions of the laws and regulations if business operations can function and grow successfully [5].

Bengkalis Regency has 134 BUM Desa and BUM Desa Bersama located in 11 sub-districts. There are 124 BUM Desa that have been incorporated and 10 that are in the status of improving documents in the process of applying for legal entity. Mandau District administratively currently has nine sub-districts and two villages, namely Harapan Baru Village and Bathin Bertuah Village. The status of BUM Desa in Mandau District that are already legal entities can be seen in Table 1.

**Table 1.** Status of BUMDesa in Mandau district.

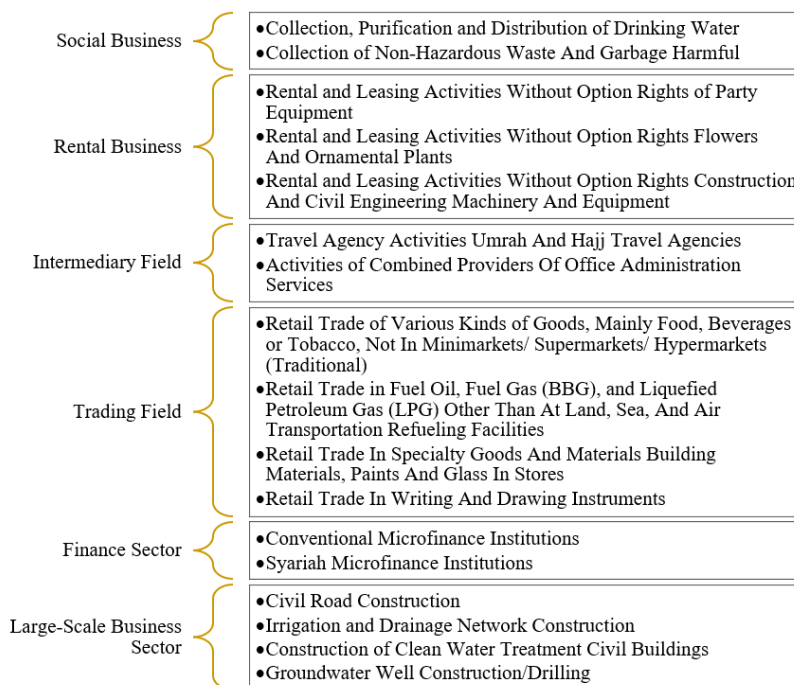
No	Name	Status	Village
1	BUM Desa Hikmah Sejahtera	Verified legal entity documents	Harapan Baru
2	BUM Desa Batuah Barokah	Verified legal entity documents	Bathin Batuah
3	BUM Desa Bersama Mandau Bertuah	Improvement of legal entity documents	Bathin Batuah

Source: <https://sid.kemendes.go.id/bumdes>.

Objectives of BUMDesa and BUMDesa together have objectives (Article 3 of Government Regulation 11/2021 concerning BUM Villages), namely [5]:

1. Managing businesses to carry out profitable operations while fostering investment, increasing economic productivity, and realizing the potential of villages.
2. Manage the village food barn, provide for the general needs of the village community, and engage in public service activities by giving goods and/or services.
3. Make a profit or net profit in order to boost the village's initial revenue and maximize the advantages of its financial resources.
4. Make use of village resources to give them more value.
5. Create a village-wide digital economic ecosystem.

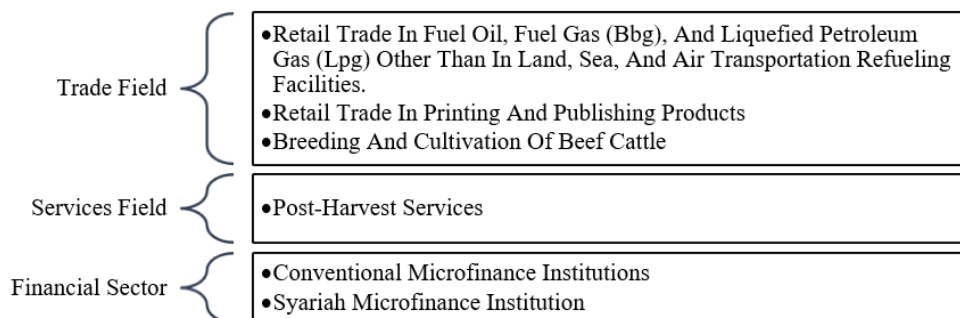
An enterprise feasibility study is an activity that is carried out in depth to see to what extent the benefits can be obtained from a business idea, by analyzing whether the business idea is feasible or not to be implemented. Basically, a business eligibility study can be carried out to establish a new business or can be in the framework of the development of an existing business. Business unit BUMDes Batin Barokah that is established through village regulations Bathin Betuah Village No. 06 Year 2022 can be seen in the figure 1.



Source: BUMDes Bathin Barokah Statutes and Household Documents, 2023

**Fig. 1.** Business unit BUMDes Batuah Barokah at Batin Betuah Village 2023.

Business unit BUMDes Hikmah Sejahtera that is established through village regulations Harapan Baru Village No. 21 Year 2022 can be seen in the figure 2.



Source: BUMDes Hikmah Sejahtera Statutes and Household Documents, 2023

**Fig. 2.** Business Unit BUMDes Hikmah Sejahtera at Harapan Baru Village 2023.

The purpose of the study is to take into account the internal and external conditions of the village as a benchmark in the planning of the economic enterprise, consolidating the idea of economic enterprises, planning human resources, taking into account opportunities and risks and determining the type of profitable enterprise. Whereas the aspects studied/assessed in determining the eligibility of an enterprise include: market and marketing aspects, technical and technological aspects of management and SDM, financial, economic, socio-cultural, political and environmental aspects as well as legal aspects (yuridis).

To achieve effective and efficient organizational planning, management, implementation, and monitoring systems, joint BUMDesa development is carried out (Article 24 Permendesa PDTT No. 3 of 2021). Based on Article 23 paragraphs (1), (2), and (3) of Permendesa PDTT No. 3 of 2021, joint guidance and development of BUMDesa is carried out by the minister for general guidance and development and ministers/heads of non-ministerial government institutions for technical guidance and development, and joint guidance and development of BUMDesa can also be carried out by the governor and/or regent/mayor. The guidance and development of joint BUMDesa is carried out in a synergistic and coordinated manner. Furthermore, in Article 25 Permendesa PDTT No. 3 of 2021, the joint development of BUMDesa is carried out through a strategy [5].

1. The revival of the joint BUM Desa/BUM Desa establishments.
2. Boosting the joint BUM Desa/BUM Desa organization and raising the standard of management.
3. Improving the joint BUM Village/BUM Village Business Units and joint BUM Desa/BUM Desa businesses' management.
4. Fortifying collaboration or alliances.
5. Improving capital and asset management.
6. Raising the standard of accountability, reporting, and administrative management.
7. Improving the village's and the village community's profit and benefit management.

Creating a self-reliant village requires resources that come from the village. Business units operating in the village must have distinctive characteristics and competitive advantages to improve the welfare of the village community [11]. Each strategy is derived into programs and activities in order to develop BUM Desa base on Article 25 Permendesa PDTT No. 3 of 2021, as follows.

*First*, Strategy for revitalization of BUM Desa/BUM Desa institutions together

- a. Socialization and counseling of legal entities
- b. Observation and direction of regional legislation and regulations
- c. Increasing capacity to draft the bylaws and articles of association.



- d. Enhancing the perception of legal organizations
- e. Sharing of industry best practices in business
- f. Arranging for institutional consultation and/or support
- g. Enhancing cooperation between development stakeholders
- h. The availability of a consultation clinic that helps with problem-solving.
- i. Helping the manager transition the activities of the former PNPM MPD community revolving fund into a joint BUM Desa
- j. Additional initiatives or tasks related to institutional renewal.

*Second*, Strategy for improving the quality of management and strengthening the organization of the joint BUM Desa/BUM Desa

- a. Increasing the efficiency of the Village Consultative Council, advisors, operational executors, and supervisors in the joint BUM Desa/BUM Desa organization
- b. Enhanced ability of supervisors, workers, advisors, and operational executors to create and carry out work program plans.
- c. Improving the efficiency of management and governance within an organization, encompassing the establishment of management operational standards and standard operating procedures
- d. Support in organizational reorganization.
- e. Additional initiatives or plans to fortify the organization and raise management standards.

*Third*, Strategy for strengthening the management of joint BUM Desa/BUM Desa businesses and BUM Desa/BUM Desa joint business units.

- a. Creation and expansion of Business Units
- b. Support for and advancement of production and processing methods.
- c. Uniformity in the production and processing procedures
- d. Enhanced Capabilities for Quality Control
- e. Support for marketing.
- f. Business and/or business unit diversification
- g. Additional initiatives aimed at bolstering business units and management.

*Fourth*, Strategy for strengthening cooperation or partnership.

- a. Promotion and bolstering of collaboration between BUM Desa and BUM Desa jointly.
- b. Facilitating and bolstering collaboration with the business community
- c. Strengthening and facilitating collaboration with financial and financing institutions
- d. Promoting and bolstering collaboration with governmental organizations
- e. Enhancing and facilitating collaboration with e-commerce
- f. Additional initiatives or events to improve collaboration or alliances.

*Fifth*, Strategies to strengthen asset management and capitalization.

- a. Increasing the number of funding sources
- b. Increased availability of guaranteed institutions
- c. Increased availability of funding sources
- d. Creation of Investment Capital Financing and Working Capital Development
- e. Additional initiatives to improve capital and asset management.

*Sixth*, Improved quality of administrative management, reporting and accountability.

- a. Enhanced ability and comprehension of sound corporate governance
- b. Improving the efficiency of accountable and transparent financial, organizational, and business administration processes
- c. Enhanced proficiency and comprehension in bookkeeping and financial reporting for commercial organizations
- d. additional initiatives or initiatives to raise the standard of reporting, accountability, and administrative management.

- e. enhancing the Village's and the Village community's benefits and profit management
- Seventh*, utilization of Village potential and cultural economic value in the Village
- a. Development and unification of village-based community business ventures
- b. Adding more value to products; boosting productivity and competitiveness in the marketplace
- c. Technical advice for creating new products.
- d. Development of public services offered by bum desa and bum desa jointly is facilitated.
- e. Additional initiatives or plans to improve the villages and the village community's
- f. Profit and benefit management.

The goal of development is to improve coaching techniques. Development is accomplished through expanding the involvement of BUMDesa and its stakeholders as well as through integrated programs or activities, business development, marketing network development, capital development, and human resource development [12]. BUMDesa is an entity with assets or capital that may be entirely sourced from the village. Afterwards, we'll use this money to establish a BUM Village business unit in line with the potential mapping of the village. The existence of a business unit will cause the economy to turn, which will ultimately lead to the creation of jobs and serve as a catalyst for enhancing both the general welfare of the community and the local village economy [13]. BUMDesa, like a company, like a BUMN, must be managed professionally, so that the selection of BUM Village managers must be based on the selection of human resources who have sufficient competence. The stages that have been carried out and are the key to BUMDesa's success in running its business units are: (1) planning for BUMDesa; (2) observing BUMDesa; (3) structuring and selection; (4) maintaining assets; and (5) reporting results [13].

Utilizing all available economic resources, including institutions and natural and human resources, BUMDesa is a village-owned business organization whose goal is to maximize the village's potential for enhancing community welfare. The village head and the BPD prepare the village regulations, which establish BUMDesa. Although BUMDesa is managed independently, it remains under the authority of the village government since the revenue from each business unit under BUMDesa's management is included in the village's original income (PAD). Which is then channeled to be used to build village facilities and community empowerment activities, and it is hoped that BUMDesa can become the backbone of the village economy to achieve increased welfare for its residents.

Village-Owned Enterprises have an important role in promoting rural development, and therefore need to be assessed for their feasibility as a profitable business venture that has a sustainable impact on village development [14]. This is typically as village officials, especially village heads—have very little knowledge of their respective BUMDesa. This occurs because of the village chief's limited recognition of his responsibilities as an extension of the higher-ups' government structure, which handles administrative matters primarily and oversees projects and initiatives that originate from above. Therefore, understanding BUMDesa which focuses more on entrepreneurial issues takes a lot of work. The reason why the BUMDes discourse is not well-socialized to the village residents is because of their poor understanding of BUMDesa. As a result, the concept of village development that is currently understood is still restricted to understanding physical development and is based on structural direction from above. Apart from that, physical development is more easily seen as an achievement because there is a visible physical form. This is different from empowerment projects, which are more programmatic in nature and whose results are not physically visible. It is this lack of human resource development that inhibits the capacity of village institutions and entrepreneurship to develop [15]. Performance was determined to be significantly impacted by transparency, accountability, participation, emancipation, and sustainability, but cooperativeness showed no effect [16].



In the process of managing and developing BUMDesa, there are several influencing factors including the potential of village resources and human resources of BUMDesa managers, policies that limit the management of village potential with certain geographical characteristics such as plantations, management of savings and loan businesses that are considered by the community to not require the return or turnover of business capital [17]. On the other hand, inadequate mastery of managerial skills is also an obstacle because it is not easy for villages to find someone who has superior managerial skills in terms of business management. Even if there are residents who have such abilities, they usually already work elsewhere, and if they are appointed to manage BUMDesa, then it is only part-time. As a result, BUMDesa does not move and runs in place. Meanwhile, if you appoint people with inadequate capacity, as marked by their track record, then it is the same as taking BUMDesa in a more worrying direction. The problems encountered in the development of village-owned enterprises are that the business climate is not yet conducive (unfair business practices), there is limited information and market access, low productivity (low technology), limited capital, and low entrepreneurial spirit [15].

The government must focus on rural development to meet the goals of national development. Examples of this include constructing village transportation infrastructure, boosting production and marketing, and developing village infrastructure that promotes the welfare and living standards of the populace [18]. The government must act fast to support BUMDes development by enacting rules, providing funding, and offering financial reporting training. Additionally, by carrying out sound strategic planning for the development of BUMDes, closely monitoring and mapping the village's local economic potential, choosing businesses, growing the network of cooperation partners, and maximizing the role of both the community and cooperation partners to jointly support BUMDes product development, market strengthening, and long-term BUMDes management training [19]. To enhance the professionalism and level of commitment of BUMDes managers, efforts can be made to improve various aspects of BUMDes by providing training and knowledge updates to employees. Furthermore, because BUMDes managers and staff lack professionalism, there is still a lack of awareness among them regarding risk mitigation [18]. Given that the recommended course of action is defensive, the internal circumstances of the organization are faced with a difficult decision. To avoid dropping, it is advised that the organization adopt a defensive strategy and manage internal performance. This approach is used while attempting to get proficient in it [20].

### 3.2 Rural environmental development through BUMDes

The Indonesian government monitors rural development through the village development index (IDM). The SDGs and IDM have measurement differences that intersect. The SDGs emphasize measuring people in multiple dimensions, including stakeholders and benefits for vulnerable groups. While the largest portion of the IDM is assessing the availability of physical facilities and amenities, then basic social and environmental needs. The indicators of the IDM dimension used by the Ministry of Villages through in 2023 are (table 2):

**Table 2.** Dimension Village Development Index (IDM) in 2023.

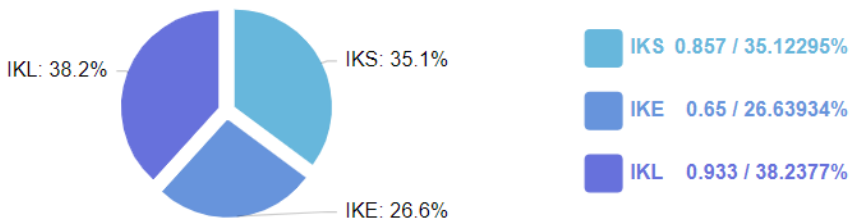
IDM	Dimension	Indicator Device
Social Dimension	Health	Service Community Empowerment for Health Health Insurance
	Education	Access to Primary-Secondary Education Access to Non-Formal Education Access to Community Knowledge

**Table 2.** Cont.

	Social Capital	Social Solidarity Tolerance Citizens' Sense of Security Social well-being
	Settlement	Access to Clean and Drinkable Water Access to Sanitation Facilities Access to electrical facilities Access to Information and Communication Facilities
Economic Dimension	Production Diversity	Diversity of Village Community Production
	Trade	Availability of Trading Center
	Distribution Access	Access to Logistics Distribution
	Credit Access	Access to Financial and Credit Institutions
	Economic Institutions	Economic Institutions
Environmental Dimensions	Regional Openness	Regional Openness
	Environmental Quality	Environmental Quality
	Disaster Potential and Response	Potential Disaster Prone Disaster Response

Source: <https://idm.kemendes.go.id>

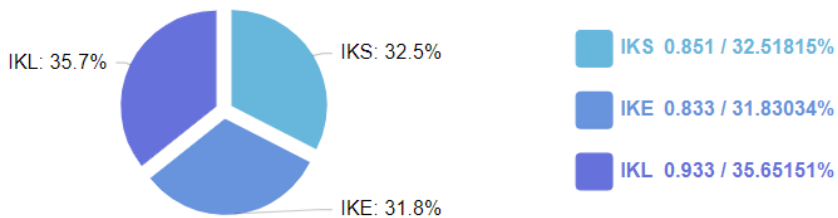
IDM status of Bathin Betuah Village, Mandau District, Bengkalis Regency is the status of an Advanced Village with details of the composite index below.



Source: <https://idm.kemendes.go.id>

**Fig. 3.** Village development index at Bathin Betuah village 2023.

Meanwhile, the IDM status of Harapan Baru Village, Mandau District, Bengkalis Regency is an Independent Village with composite index details below.



Source: <https://idm.kemendes.go.id>

**Fig. 4.** Village development index at Harapan Baru village 2023.

Note:

IKS: Social Composite Index

IKE: Index Composite Economics

IKL: Environmental Composite Index

Local economic activities in BUMDes governance support the people's economy. People's economic activities are important and related to the preservation of natural resources. Environmental development through BUMDes can be achieved in various ways; Creating business units that are oriented towards environmental protection such as waste management and household waste as well as the use of organic and environmentally friendly raw materials [21]. In addition, it can process the potential of sustainable natural resources, starting with processing potential that is environmentally friendly and conserved [22,23]. Local village business development can also be oriented towards the development of village tourism potential that cares about the environment and good practices in environmental management [24,25]. The strength of BUMDes in participatory potential management is needed not only for improving the economic welfare of the community but also integrated in efforts to improve the village environmental quality index contained in the IDM. The three key principles are efforts that: provide rights to local communities, support livelihoods, and achieve conservation and sustainability outcomes [26,27].

## 4 Conclusion

The Sustainable Development Goals in Indonesia are not only included in the national development goals but are also integrated with village development, or what are known as Village SDGs. The strategy for developing village-owned enterprises (BUMDesa) is one of the main indicators for achieving the Village SDG goals, namely Villages without poverty and Villages that care for the environment. BUMDesa is a village-owned business entity that functions to optimize village potential in improving community welfare by utilizing all economic potential, economic institutions, and the potential of natural resources and human resources. The results of this study link the stages in running the BUMDesa business unit (Village BUM Planning, Village BUM observation, arrangement, and selection, asset maintenance, and reporting of business results) with the principles of professional, open, and responsible, participatory, priority Village management. local and sustainable resources. The development of BUMDesa has not been optimal as seen from the presence of problems, namely the organizational structure of BUMDesa as well as work procedures and relationships between BUMDesa organizational devices, constraints in carrying out duties and authorities, and management and development of technology-based business units. The implementation of deliberative democracy has not been optimal in making strategic policies related to BUMDesa, as well as in fostering, supervising, and developing BUMDesa. Local economic activities in BUMDes governance support the people's economy. People's economic activities are important and related to the preservation of natural resources and environmental development. The three key principles are efforts that: provide rights to local communities, support livelihoods, and achieve conservation and sustainability outcomes.

The government must act instantly to support BUMDes development by enacting rules, providing funding, and offering financial reporting training. Additionally, by carrying out sound strategic planning for the development of BUMDes, closely monitoring and mapping the village's local economic potential, choosing businesses, growing the network of cooperation partners, and maximizing the role of both the community and cooperation partners to jointly support BUMDes product development, market strengthening, and long-term BUMDes management training.

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