

Strategic Management of BUMDes Berkah Mandiri (2019-2023): Enhancing Village Economic Welfare

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ABSTRACT

This study aims to analyze the management of the Village-Owned Enterprise (BUMDes) Berkah Mandiri from 2019 to 2023 in enhancing the economic welfare of the community in Cibuntu Village, Simpenan District, Sukabumi Regency. As a village economic institution, BUMDes plays a strategic role in empowering local communities and managing village potential. However, the management particularly in the savings and loan unit continues to face various challenges. This research adopts a descriptive qualitative approach with purposive sampling. Data were collected through observation, in-depth interviews, and documentation, and analyzed using Fred R. David's (2014) Strategic Management theory, which includes the stages of strategy formulation, implementation, and evaluation. The findings indicate that BUMDes Berkah Mandiri has contributed positively to the local economy through business units such as savings and loans, agricultural product trading, livestock farming, internet services, and fuel mini stations. Nevertheless, obstacles remain in loan repayment and the effectiveness of program implementation. This study recommends enhancing managerial capacity, increasing community participation, and conducting regular strategic evaluations to support more sustainable and adaptive village economic development.

Keywords: BUMDes, management, strategic management, village economy, Cibuntu Village.

1. INTRODUCTION

Villages serve as the smallest administrative units directly connected to local communities and are instrumental in driving grassroots development. Law Number 6 of 2014 concerning Villages grants substantial autonomy to village governments, enabling them to manage resources and local potential in efforts to improve community welfare. One of the key instruments supporting this autonomy is the Village-Owned Enterprise (BUMDes), a village-level economic institution managed collaboratively by the village administration and the community. BUMDes is designed to develop village-based businesses by leveraging local resources and addressing community needs.

Cibuntu Village, located in Simpenan Subdistrict of Sukabumi Regency, established BUMDes Berkah Mandiri in 2019. Since its inception, the BUMDes has initiated several business units, including savings and loans, agricultural product trading, livestock farming, internet services (Wi-Fi), and a mini fuel station. While these initiatives have positively impacted the village economy, several persistent challenges remain particularly in the savings and loans sector, where a significant number of borrowers have defaulted or failed to repay loans. This has hindered financial sustainability and raised concerns about the overall effectiveness of BUMDes management.

This study is driven by the need to critically analyze the strategic management of BUMDes Berkah Mandiri and its effectiveness in improving the economic welfare of the village. The urgency of this research lies in addressing the persistent issue of non-performing loans, which has been largely underexplored in previous BUMDes-related studies. Most prior research on BUMDes has focused on general institutional management or implementation challenges but has not provided a detailed strategic analysis of specific operational problems especially in the credit management domain. Furthermore, there is a lack of studies that apply structured strategic management frameworks to rural economic institutions such as BUMDes.

To bridge this gap, the present study adopts Fred R. David's (2014) Strategic Management Theory, which offers a comprehensive model through three core stages: strategy formulation, strategy implementation, and strategy evaluation. This framework enables an in-depth analysis of how BUMDes leadership plans and executes its programs while assessing their outcomes. Additionally, this study incorporates insights from Mardiasmo's (2018) concept of village economic governance, which emphasizes participatory, accountable, and sustainable development.

By employing a qualitative descriptive approach, this research provides a focused examination of credit governance within the savings and loans unit of BUMDes Berkah Mandiri an area often overlooked in broader BUMDes literature. The novelty of this research lies not only in its empirical findings but also in its theoretical contribution, offering an adaptive strategic management model that could inform the governance of other BUMDes institutions across rural Indonesia.

In light of this, further academic attention is required to deepen the theoretical discourse on village-level strategic management. BUMDes, as hybrid economic-social institutions, necessitate models that integrate financial sustainability with community empowerment. This study aims to contribute to that emerging body of knowledge and guide policy development for more resilient and responsive village-owned enterprises.

2. METHODS

This study employs a descriptive qualitative methodology with an inductive approach to provide a comprehensive and contextual analysis of the management of *Badan Usaha Milik Desa* (BUMDes) Berkah Mandiri in Cibuntu Village, as well as the factors influencing its operational performance. A case study design was adopted, focusing on a single subject—BUMDes Berkah Mandiri as a representative model of rural economic institutions in Indonesia.

Data Collection and Research Instruments

Data were gathered using three primary techniques: in-depth interviews, direct observation, and document analysis. The instruments employed include:

- Semi-structured interview guides, designed to explore strategic management aspects formulation, implementation, and evaluation based on Fred R. David's (2014)

framework. These guides were tailored to different stakeholders, including BUMDes managers, village officials, program beneficiaries, and local residents.

- Observation checklists, used to systematically monitor the day-to-day operations of key business units such as savings and loans, agricultural trading, internet services, and fuel mini stations. Observations focused on service processes, infrastructure, and administrative procedures.
- Document analysis forms, applied to review financial reports, meeting minutes, planning documents, organizational structures, and relevant village regulations, with the aim of assessing compliance, transparency, and institutional performance.

Data Validation Techniques

To ensure data credibility and trustworthiness, this study utilized triangulation methods:

- Source triangulation involved collecting information from diverse respondents representing various roles in BUMDes governance, allowing for cross-verification of perspectives.
- Method triangulation was applied by integrating different data collection techniques to strengthen the reliability of findings and minimize single-source bias.

In addition, member checking was conducted by sharing preliminary findings with selected participants, allowing them to confirm, clarify, or correct the interpretations made by the researcher.

Data Analysis

Data were analyzed using SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats), which enabled a structured identification of internal capacities and limitations, as well as external factors affecting BUMDes management. The analysis was aligned with the organization's strategic goals and intended to inform adaptive decision-making processes.

All research activities were carried out within a defined timeframe, and the findings are presented descriptively, supported by verbatim quotations, field notes, and documentary evidence.

3. RESULTS AND DISCUSSIONS

a. Legal Framework for BUMDes Management

The management of BUMDes Berkah Mandiri is legally grounded in Law No. 6 of 2014 on Villages, which mandates the formation and governance of Village-Owned

Enterprises as mechanisms for community welfare. Supporting regulations include the Minister of Villages Regulation No. 4 of 2015, which details operational guidelines, and Government Regulation No. 11 of 2021, which affirms BUMDes as village-owned legal entities. All programs of BUMDes Berkah Mandiri are aligned with these national regulations and integrated into Sukabumi Regency's local development priorities. Analysis Of Village-Owned Enterprise (Bumdes) Management From 2019 To 2023 In Improving The Economic Welfare Of The Cibuntu Village Community.

b. Analysis of Strategic Management (2019–2023)

The strategic management of BUMDes Berkah Mandiri was analyzed using Fred R. David's (2014) three-stage strategic management model: (1) Strategy Formulation, (2) Strategy Implementation, and (3) Strategy Evaluation.

1. Strategy Formulation

The formulation stage remains underdeveloped. Although village meetings and basic planning procedures exist, community engagement and business mapping remain weak. The formulated vision and mission do not fully reflect the unique potential of Cibuntu Village due to the limited participation of local entrepreneurs and youth groups. This contradicts David's emphasis on stakeholder inclusion in strategic visioning.

*“Strategic formulation requires input from both internal and external stakeholders to reflect real conditions and competitive advantages.”
(David, 2014)*

SWOT Analysis of Strategy Formulation

Internal Factors	Strengths	Weaknesses
Availability of business units	Community trust in BUMDes management	Lack of structured business planning Limited participation in planning
External Factors	Opportunities	Threats
High local economic potential (agriculture, tourism)	Government support and legal recognition	Competition from private businesses - Market instability

2. Strategy Implementation

The implementation stage shows mixed performance. Units like agricultural product trading and mini fuel stations are running effectively, indicating partial success in translating plans into action. However, the savings and loans and village Wi-Fi programs lag due to poor outreach and limited technical support. This reflects an

inconsistency with David's second stage, which requires that implementation be supported by resource alignment, organizational structure, and strong communication.

"Effective strategy implementation hinges on matching strategy with structure, resources, and communication." (David, 2014)

Business Unit	Performance Score (1–5)
Agricultural Trading	4
Fuel Mini Station	4
Savings and Loans	1
Village Wi-Fi	2

Performance Rating of Business Units (Scale: 1 = Poor, 5 = Excellent)

3. Strategy Evaluation

Evaluation mechanisms exist through routine reporting, field monitoring, and coordination with DPMD. However, the process is still top-down, and lacks participation from business beneficiaries and local actors. This limits feedback loops and hinders adaptation violating David's principle of continuous, participatory evaluation.

"Strategy evaluation must involve revisiting assumptions, integrating feedback, and measuring actual performance against objectives." (David, 2014)

4. CONCLUSION

The strategic management of BUMDes Berkah Mandiri in Cibuntu Village has been initiated but remains suboptimal in the stages of formulation, implementation, and evaluation. Community participation is limited, business unit performance is uneven particularly in the savings and loans sector and evaluation results are not fully communicated to the public.

Theoretically, this study extends the application of Fred R. David's strategic management model to rural economic institutions, emphasizing the need for participatory and adaptive approaches.

Practically, the findings highlight the importance of enhancing community involvement, strengthening managerial capacity, and improving transparency to ensure the effectiveness and sustainability of BUMDes initiatives.

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