

## Improved Performance of Village-Owned Enterprises (BUMDes)

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### Abstract

**Abstract:** This study aims to describe the performance of Village-Owned Enterprises (BUMDes) in Paku Selatan Village, Bolangitang Barat Sub-District, Bolaang Mongondow Utara Regency. The analysis is based on four main indicators, namely: (a) Efficiency, (b) Effectiveness, (c) Equity, and (d) Responsiveness. The research employed a qualitative descriptive method, with data collected through observation, interviews, and documentation. Data analysis was conducted in three stages: data reduction, data presentation, and conclusion drawing. The results of the study indicate that the performance of Village-Owned Enterprises (BUMDes) in Paku Selatan Village, Bolangitang Barat Sub-District, Bolaang Mongondow Utara Regency, using the Kumorotomo indicators, has not been optimal. Out of the four indicators used, the performance of the independent BUMDes in Paku Selatan Village showed a significant decline in efficiency, effectiveness, fairness, and responsiveness. Efficiency decreased due to a lack of innovation and weak management, leading to some business units ceasing operations and failing to generate income. Low effectiveness was evident from the limited number of operational business units and a lack of transparency, which eroded public trust. Dependence on a single individual in financial management also reflects unfairness in task distribution. Meanwhile, weak responsiveness to criticism and community aspirations further exacerbates the condition of BUMDes, and during this period, no village revenue (PADes) was generated from BUMDes. Based on the research results, it is evident that efficiency and effectiveness have declined due to weak management, innovation, and asset utilization. Inequality in management indicates low levels of fairness and equitable participation. Responsiveness to community needs is also weak due to a lack of transparency and coordination. Research recommendations include improving governance based on transparency, accountability, and sustainable strategies. Board members need managerial training, asset maximization, and innovation aligned with community needs. Further research is recommended to expand the scope of variables.

### Introduction

The main goal of development is to achieve self-reliance, which includes development in every field and region, including in rural areas. This can be achieved through empowering rural businesses to increase community productivity, providing access to facilities that support the village economy, and building and strengthening institutions that support the rural economy.

The Indonesian government issued Law No. 6/2014 on Villages that regulates Village-Owned Enterprises (BUMDes) which is one of the Indonesian government's strategic efforts to strengthen village development.

According to Darmawan et al (2022) BUMDes is designed as an economic institution that is managed independently to utilize local potential, such as agricultural products, fisheries, and services, with the main objective of improving the welfare of village communities. Kasumaningrum et al (2024) suggest that BUMDes is expected to function as a local economic driver by utilizing existing resources effectively. Research conducted by Ridwansyah et al (2021) shows that the performance of BUMDes is often in the spotlight because its effectiveness in achieving these goals is still not optimal. This research shows that many BUMDes are not operating optimally, with data showing that around 36% of BUMDes in Indonesia do not make a significant contribution to the village economy. This is caused by several factors, including lack of managerial capacity, inappropriate selection of business units, and lack of training and support from the government. Furthermore, research by Puri I & Khoirunurrofik (2021) For example, in some areas, BUMDes have difficulties in managing existing businesses, so that the village's original income is affected.

Research by Temalagi et al (2024) suggests that the importance of training and capacity building for BUMDes administrators cannot be ignored. A comprehensive training program, shows that improved skills in organizational management, entrepreneurship, and financial management can help BUMDes overcome the challenges faced.

Amdanata et al (2019) suggest that strengthening managerial capacity and continuous training are key to improving BUMDes performance. From a governance perspective, the application of transparency and accountability principles in the management of Village-Owned Enterprises (BUMDes) is also very important. This research shows that only some small BUMDes fully apply the principles of transparency, which may hinder community trust and participation in management. Therefore, according to Widiastuti et al (2019), there is a need for clear guidelines and regulations to ensure that Village-Owned Enterprises (BUMDes) can operate properly and provide maximum benefits to village communities.

One of the regulations issued by the government is the Minister of Villages, Development of Disadvantaged Regions, and Transmigration Regulation No. 4/2015 on the Establishment, Management, and Dissolution of Village-Owned Enterprises with the aim of increasing the ability of the community to control the economy in the village, for the welfare of the village community with management tailored to the needs and potential of the village. BUMDes is formed by the village government, which is then managed by the community and village government.

Furthermore, in order to increase community and village income and develop the community economy through business opportunities, community empowerment, management of village and community-owned assets according to needs and potential, a Village-Owned Enterprise (BUMDesa) was formed. The North Bolaang Mongondow Regional Government issued North Bolaang Mongondow Regional Regulation Number 6 of 2016 concerning Guidelines for the Establishment and Management of Village-Owned Enterprises. The establishment of BUMDesa is intended as an effort to accommodate all activities in the economic sector and/or public services managed by the village and/or cooperation between villages.

Several previous studies have discussed the performance of BUMDes in the context of community economic empowerment. Research conducted at BUMDes Citamanis in Citaman Jernih Village, Perbaungan District, Serdang Bedagai Regency (Mashudin, 2024) is one of the village-owned enterprises formed to improve the economy and welfare of the local community. In its implementation, this BUMDes faces significant challenges, particularly in relation to service quality, responsiveness to community needs, and accountability in business management. Based on the results of qualitative research conducted through observation, in-depth interviews, and documentation studies, it was found that the main obstacle faced by BUMDes Citamanis is the limited human resources with managerial and technical competencies. Many BUMDes managers do not have sufficient knowledge in terms of business management and financial administration, which affects the effectiveness of business operations. In addition, inadequate supporting facilities and infrastructure are also an obstacle in providing optimal services to village communities. This has an impact on the low level of community trust and participation in running and utilizing the products and services provided by BUMDes. Nonetheless, BUMDes Citamanis continues to make a positive contribution to improving the local economy, although it has not yet reached its full potential. In terms of accountability, the administrative management and financial reporting of BUMDes still need to be improved so that transparency and accountability to the community are clearer and more reliable.

Other research was also examined by (Risalah & Eriswanto, 2023) examining the performance of BUMDes Mitra Warga Desa Pasirhalang from three main aspects, namely service quality, responsiveness to community needs, and accountability for financial report management. Where the results of the study state that the quality of service is still not good because the manager does not fully understand how to manage effectively. The responsiveness of the manager is lacking, so that products and services have not met the needs of the community, and socialization is not optimal. Accountability is quite good with regular accountability reports, but financial reports are often late and do not meet proper accounting standards. What remains unanswered are the concrete strategy and implementation of manager capacity building to improve service quality and accountability, quantitative analysis of the impact of BUMDes performance on community welfare and evaluation of the effectiveness of socialization and responsiveness to changing community needs over time.

Paku Selatan Village located in North Bolaang Mongondow Regency built a BUMDes in 2016 which is regulated by Paku Selatan Village regulation Number 7 of 2016 concerning the Establishment and Management of Village-Owned Enterprises (BUMDes Mandiri) in order to become the basis for BUMDes management, which aims to prosper the village community. BUMDes Mandiri itself has built several business units that are running until now. BUMDes in Paku Selatan Village in recent years has not shown its performance and existence in contributing to the village. Researchers see that BUMDes is unable to develop village-owned businesses due to several reasons behind this. The following is data on the type of business of BUMDes Mandiri Paku Selatan Village:

Table 1.1 Types of BUMDes Mandiri Businesses

No	Business Unit	Year	Description
1.	Saprodi kiosk	2016-2017	Not running
2	Service	2016-2020	Not running
3.	Canopy Loan	2016- present	Running
4.	Alsinta Procurement	2017-2020	Not running

(Data source: BUMDES Mandiri 2024)

Based on the data above, Bumdes Mandiri itself has had three business units since it was built in 2016 but the saprodi kiosk business unit did not last long due to limited space to sell and lack of interest. saprodi kiosk itself sells pulses, electricity tokens, Telkomsel cards and buys agricultural products from residents.

The second is a service service established in the same year, the type of service business is more directed at the procurement of food dos, most of these food dos are needed in village, sub-district, and other activities. Furthermore, there is a procurement of vegetables, spices, fish, meat and others for this which is needed by the GSM company which in 2018 is operating in the gold mining area in the toheahu forest, South Paku village but this type of business is also not running.

Third, Canopy Loan Rental is a business unit that is rented by villagers and outside the village, usually used in events such as weddings, religious events, grief and so on. This is a business unit that provides equipment such as canopies, chairs, tables, wedding dresses, aisle decorations, kitchen utensils such as plates, spoons and many more. The existence of this business unit not only benefits the village community, but also supports social and cultural and religious activities. For example, in religious events, equipment such as canopies can be used to protect the community from hot rain, so that the event can run smoothly. Likewise, in weddings or grief events can be fulfilled with this rental service.

Finally, Alsinta Procurement is a business that provides agricultural tools such as pruning machines (narita), and pest spray cans (solo) where this business unit is a request from the community because the majority of the people of Paku Selatan Village are farmers. With this business unit, farmers no longer need to buy agricultural equipment personally, which often requires large costs. They can simply rent the equipment as needed but this business is no longer running.

Based on initial observations according to the Head of the Independent Village-Owned Enterprise of Paku Selatan Village, only one business unit is run by BUMDes now, namely the canopy rental and loan business unit, due to limited funds, lack of support from the local government, as well as a lack of innovation in BUMDes management and management in BUMDes management that is not effective and does not gain the trust of the community. In addition, in this period BUMDes only received one training and assistance in BUMDes management which was attended by one of the BUMDes members, namely the treasurer. So this research is important to study because it can help the South Paku Village government to evaluate the extent of the BUMDes Performance, to be taken into consideration in the future for the local government, and help answer issues that occur in the community.

This research has scientific novelty because it was conducted in a different location, namely Paku Selatan Village, West Bolngitang Sub-district, North Bolaang Mongondow Regency, which has not previously been studied in the context of BUMDes performance. In addition, this study also uses a different theory from previous studies, namely by examining

the performance of BUMDes based on Kumorotomo's theory with four main aspects: Efficiency, Effectiveness, Fairness and Responsiveness. This approach provides a new perspective in assessing the effectiveness of BUMDes management and enriches the scientific literature related to village economic development.

By using theoretical studies on public administration, dimensions of public administration, performance theory and performance indicators as follows: According to Wijana (Nur et al., 2022) public administration is "The series of all low and high state organs, which are tasked with running the government, implementing and policing". Keban (Pramesti, 2018) simplifies the vast scope of public administration into 6 (six) strategic dimensions of public administration, where each dimension is crucial in achieving goals (Keban, 2008). In fact, if one element does not function properly, it will interfere with other elements. The six dimensions of public administration are:

1. Policy dimension
2. Dimensions of organizational structure
3. Management dimension
4. Ethics dimension
5. Environmental dimension
6. Accountability dimension

Definition of organizational performance According to Mahsun (Nuraeni Y, 2019) suggests that: "Organizational performance is a description of the level of achievement of the implementation of an organization / program / policy in realizing the goals, objectives, vision and mission of the organization as stated in the Strategic Planning of an organization. "This means that organizational performance is the extent to which the level of ability to carry out organizational tasks in the achievement of objectives in accordance with the capabilities and programs, policies, vision and mission that have been set previously.

According to Kumorotomo (Isa, 2022) who expressed his view, especially in government-owned profit organizations, that the criteria that can be used as guidelines in assessing organizational performance include:

1. Efficiency

Efficiency involves considerations about the success of public service organizations in earning profits, utilizing factors of production and considerations derived from economic rationality. When applied objectively, criteria such as liquidity, solvency, and profitability are very relevant criteria. Furthermore, Mardiasmo (2009: 134) stated that: "Efficiency measures are more relative, the operational activity process can be said to be efficient if a product if certain work results can be achieved with the use of the lowest resources and funds (spending well)". While Mahmudi (2015: 104) provides his view on efficiency that: "Efficient measures are based on two measures, namely input and output. Efficient measures can be expressed in terms of cost per unit of output. Efficient measures measure how well an organization is able to utilize its resources to produce outputs.

In relation to this research, the intended efficiency is whether the purpose of establishing a Village-Owned Enterprise (BUMDes) is achieved? This can be seen from the indicators of 1) input in the form of: community empowerment, utilization of natural potential, and funds sourced from village funds; 2) output, in the form of: increased community income, increased village original income (PADes). From these two indicators, the existence of Village-Owned

Enterprises (BUMDes) can be said to be efficient if it has contributed to the economic development of the community and its role as a development agent in the village.

## 2. Effectiveness

Effectiveness asks whether the purpose for which the organization was established can be achieved? It is closely related to technical rationality, values, mission, organizational goals, and the function of development agents. Effectiveness according to Lusthaus (2002) is concerned with the extent to which the organization is able to realize its goals. The same thing was stated by Georgepualos and Tunnebaum (in Tangkilisan (2007: 139) that: effectiveness is the degree to which an organization which is a social system with all the resources and certain means available meets its objectives without waste and avoids unnecessary tension among its members. Thus it can be said that effectiveness is an effort of the organization in realizing the goals that have been set previously by making optimal use of its resources and potential.

## 3. Justice

Fairness questions the distribution and allocation of services provided by public service organizations. This criterion is closely related to the concept of adequacy or appropriateness. Salim and Woodward (in Dwiyanto, 2012: 53) suggest that: justice in the provision of services to the community can be seen as a measure to assess how far a form of service has taken into account aspects of justice and makes people have equal access to the service system offered. To assess the extent to which justice has been provided in services to the community can be seen from indicators of service distribution and service allocation organized by the organization.

Fair treatment can influence people's responses about the good service provided or it can also be a public complaint because there is no justice in service. Complaints can be considered as something positive. That is because complaints can be part of a process that allows organizations to make corrections for service failures (Cengiz et al., 2007).

## 4. Responsiveness

Lupiyoadi (2016: 22) argues that: "Responsiveness is a willingness to help and provide fast (responsive) and precise service to customers, with clear information delivery that will not leave consumers waiting without a clear reason". According to Dwiyanto (2012: 50) Responsiveness is the organization's ability to recognize community needs, set service agendas and priorities, and develop public service programs in accordance with community needs and aspirations. In short, responsiveness refers to the alignment between service programs and activities with community needs. Meanwhile, according to Tjiptono (2012: 175) responsiveness is: "With regard to the willingness and ability of service providers to help customers and respond to their requests immediately".

The problem formulations of this research are:

1. How is the Performance Efficiency of Village-Owned Enterprises (BUMDes Mandiri) in South Paku Village.
2. How is the Effectiveness of the Performance of Village-Owned Enterprises (BUMDes Mandiri) in South Paku Village.
3. How is the Justice Performance of Village-Owned Enterprises (BUMDes Mandiri) in South Paku Village.
4. How is the Responsiveness of the Performance of Village-Owned Enterprises (BUMDes Mandiri) in South Paku Village.

## Method

Research method is an effort made to discover, develop and test the truth of knowledge using scientific methods according to Panjaitan & Ahmad (Sahir, 2022). The research method is a series of techniques and procedures used to obtain, search, collect, record data in the form of both primary and secondary data in a study. Then analyze the problems that occur so as to get the validity of the data needed. The type of research that will be used in this research is descriptive with a qualitative approach. Qualitative descriptive research is a type of research that aims to describe a character of a variable, group or social symptom that is happening in society according to Nanang Martono (Rahini N & Subadi W, 2021).

Primary data is data collection with observation instruments, interviews, field notes and the use of documents. Primary data sources are data obtained directly with informant interview techniques or direct sources. Primary data sources are data sources that directly provide data to data collectors according to Sugiyono (Astri N et al., 2020). Meanwhile, primary data in this study comes from internal or external BUMDes Mandiri Desa Paku Selatan. Secondary data is a data source that does not directly provide data to data collectors, for example through other people or through documents according to Sugiyono (Lase Y & Ndraha A, 2023). In this study, the source of secondary data is from the archives of the village of Paku Selatan or BUMDes Mandiri Desa Paku Selatan. The data collection methods in this study are as follows:

### 1. Observation

Observation is a data collection technique that has specific characteristics when compared to other techniques. Observation in this study is by making direct observations of the environmental conditions of objects that support research activities, to understand certain situations in depth and produce accurate data from direct sources. Through observation activities, researchers can learn about the behavior and meaning of these behaviors and make direct observations of how the conditions of BUMDes mandiri paku Selatan village in carrying out their activities or managing the BUMDes itself.

### 2. Interview

Guided free interviews are interviews conducted by asking questions freely but still staying on the interview guidelines that have been made. The process of obtaining research data by means of direct question and answer and face-to-face between the interviewer and the respondent. Interviews are activities carried out to obtain relevant information or data related to how the performance of village-owned enterprises (BUMDes) in southern paku village. I will take samples of the local government, BUMDes managers, youth organizations and the community as informants in my research interviews.

### 3. Documentation

Documentation is a data collection tool in this research, namely from recording documents, photographs or village archives. Documentation is a complement to the use of observation or interview methods so that they are more reliable or have credibility. This method is used to filter information presented in the form of documents, such as written policies, mechanisms and procedures related to the performance of Village-Owned Enterprises (BUMDes) in Paku Selatan Village.

The analysis technique used in this research is the Miles and Huberman model data analysis technique which consists of several stages, namely:

1. Data reduction

According to Sugiyono (2018: 247-249), data reduction is “summarizing, choosing the main things, focusing on important things that are in accordance with the research topic, looking for themes and patterns, in the end it will provide a clearer picture and make it easier to do further data collection”.

2. Display data (presentation of data)

After reducing the data, the next step is to present the data, in qualitative research the presentation of data can be done in the form of tables, flowcharts, graphs, pictograms and the like. Through the presentation of the data, the data can be organized, arranged in a relationship pattern, so that it will be easy to understand. In addition, in qualitative research, data presentation can be presented in the form of brief descriptions, charts, relationships between categories and the like, but what is often used to present data is to use narrative text.

3. Drawing conclusions or verification

Conclusions can answer the formulation of problems formulated from the start, but maybe not, because problems and problem formulations in qualitative research are temporary and will develop after research is in the field.

## Result and Discussion

Based on the results of interviews conducted with informants in Paku Selatan Village, under the research title *"The Performance of Village-Owned Enterprises (BUMDes) in Paku Selatan Village, West Bolangitang District, North Bolaang Mongondow Regency,"* the study evaluates performance using indicators proposed by Kumorotomo, which include: a) Efficiency, b) Effectiveness, c) Equity, and d) Responsiveness. The following is a discussion of these four factors.

1. Efficiency

According to Mahmudi, his view on efficiency is that "Efficient measures are based on two measures, namely input and output. Efficient measures can be expressed in terms of cost per unit of output. Efficient measures measure how well an organization is able to utilize its resources to produce outputs. In relation to this research, the intended efficiency is whether the purpose of establishing a Village-Owned Enterprise (BUMDes) is achieved? This can be seen from the indicators of 1) input in the form of: community empowerment, utilization of natural potential, and funds sourced from village funds; 2) output, in the form of: increased community income, increased village original income (PADes). From these two indicators, the existence of Village-Owned Enterprises (BUMDes) can be said to be efficient if it has contributed to the economic development of the community and its role as a development agent in the village (Isa, 2022).

Based on the results of the research, it is known that in the 2016-2020 period, BUMDes Mandiri Desa Paku Selatan showed significant development in community economic empowerment. The management at that time was able to develop various business units, such as delivery services for goods, spices, and vegetables, which not only generated profits but also provided social benefits for the community. The profits earned were used for social programs, such as rice assistance for the poor and school supplies for Madrasah Ibtidaiyah students. This reflects the success of the BUMDes in achieving its initial objective, which is to improve the village economy and contribute to Village Original Revenue (PADes).



However, this condition is inversely proportional to the 2020-2024 BUMDes management period. Based on interviews with several parties, it is known that the role of BUMDes in supporting the community economy is declining. There is no initiative to develop new businesses, and even assets that have previously been utilized have decreased. The reduced involvement of the community in BUMDes activities is also an indication that this business entity no longer functions as the driving force of the village economy. This is reinforced by statements from the Head of Karang Taruna and the community that the BUMDes currently has no clear direction and objectives. One of the main factors leading to this setback is the absence of additional capital from village funds since 2020, citing the COVID-19 pandemic which has impacted village revenues. The BUMDes head of this period stated that the only business unit that is still running is the canopy rental and loan, while the other business units were discontinued due to limited funds. However, when compared to the previous period, the lack of management of existing assets shows that the main problem is not only about funds, but also the lack of innovation and good management in managing existing businesses.

In addition, the BUMDes did not contribute to the PADes during this period, which is one of the benchmarks of its success in accordance with Village Regulation No. 7/2016. An evaluation conducted by the village government showed that the absence of revenue from the BUMDes was the main reason why additional capital was not provided. In fact, the available assets should have been utilized to generate income. This indicates problems in BUMDes governance, both in terms of transparency, financial reporting, and business management strategies. The relationship between this research and the results of research conducted (Mashudin, 2024) in the final accountability report, there are still many problems, namely not in accordance with the standards that have been set. Even based on research on BUMDes in Paku Selatan Village, there is no final accountability report that can be submitted to the community in every year-end meeting. This shows that transparency in BUMDes management still needs to be improved.

Based on the results of field findings, researchers found that the performance of BUMDes Mandiri Desa Paku Selatan experienced significant differences between the two management periods. In the 2016-2020 period, BUMDes successfully ran various business units that were not only profitable but also provided social benefits for the community. Profits earned were used for social assistance and contributed to the Village Original Revenue (PADes), reflecting success in village economic empowerment. In contrast, in the period 2020-2024, the performance of BUMDes declined dramatically. There was no initiative to develop new businesses, and even the previously running business units stopped, with the only remaining business being a canopy rental and loan service. Community participation also declined, indicating that BUMDes no longer functioned as the driving force of the village economy.

The lack of management of existing assets shows that the main problem is not only limited funds, but also a lack of innovation, weak management and poor governance. The absence of contribution to PADes is a major indicator of the failure of BUMDes in this period. Problems with transparency, financial reporting, and business management strategies need to be addressed so that BUMDes can once again play a role in village economic development.

## 2. Effectiveness

According to Georgepualos and Tunnebaum, effectiveness is the degree to which an organization which is a social system with all available resources and certain means meets its

objectives without waste and avoids unnecessary tension among its members. Thus it can be said that effectiveness is an effort of the organization in realizing previously set goals by optimally utilizing its resources and potential (Isa, 2022).

Based on the results of interviews with various informants, it can be seen that currently BUMDes Mandiri Desa Paku Selatan only has one business unit that is still operating, namely canopy rental and loan services. The lack of operating business units is caused by limited funds, which is the main obstacle in managing BUMDes. However, this problem is also exacerbated by the lack of innovation in the BUMDes program. Informant MM admitted that as the acting secretary, he does not have an in-depth understanding of BUMDes operations, indicating that the management structure is not yet running optimally and transparently.

In addition, there is a difference of opinion regarding the condition of BUMDes assets. The BUMDes head stated that around 75% of the assets are still fit for use, while other informants, such as SP, doubted this claim. Based on the conditions in the field, of the three existing business units, only one is still running, and the assets are no longer complete. This suggests that it is likely that the percentage of assets that are still usable is lower than stated by the management. The lack of transparency regarding the condition of assets has also led to a decline in community participation and trust in the BUMDes.

Another factor contributing to the low community involvement in the BUMDes program is the less than optimal condition of the BUMDes. Community participation is strongly influenced by their understanding of the BUMDes program, the perceived benefits, and the quality of services provided. During the previous management period (2016-2020), the community's enthusiasm in supporting the BUMDes was quite high, as there was active involvement in running the business, maintaining assets, and procuring new assets. However, in the current management period, such involvement has diminished, indicating a decline in community trust in the performance of the BUMDes.

Evaluations of BUMDes performance should be conducted regularly, and the village government admits that it still monitors BUMDes operations. However, until now there has been no clear accountability report on the assets owned, including data on the condition of assets that are still suitable for use. In fact, we have seen that the assets in the form of Sound no longer exist. The lack of transparency in financial and asset reporting is a serious problem that must be addressed immediately. To improve the condition of BUMDes, concrete steps are needed such as improved governance, increased transparency, and innovation in the management of business units in order to re-enhance the role of BUMDes in the economic empowerment of village communities.

The relationship between this study and the results of research conducted by (Rajak F et al., 2024) regarding human resources, cannot be said to be good because some administrators do not understand the use of computerization by using a simple cash book and using the Microsoft excel application as the required application, and in understanding their performance it cannot be said to be good because some work is only done by the Head of BUMDes due to the lack of knowledge of some existing administrators.

Based on the field findings, researchers found that the performance of BUMDes Mandiri in Paku Selatan Village has decreased significantly. Currently, only one business unit is still running due to a lack of innovation. The management structure is not optimal, characterized by the lack of understanding of the replacement secretary about BUMDes operations and the

lack of transparency regarding the current condition of the remaining assets or the conclusion that only the BUMDes Chairman knows the BUMDes assets. In the previous management period (2016-2020), community involvement was quite high, but is now decreasing due to suboptimal management.

Although the village government claims to monitor BUMDes operations, to date there is no clear accountability report on assets and finances. To improve this condition, concrete steps are needed such as increased routine evaluations, as well as firm steps from the local government so that BUMDes can again play a role in the economic empowerment of village communities.

### 3. Justice

Salim and Woodward suggest that justice in the provision of services to the community can be seen as a measure to assess how far a form of service has taken into account aspects of justice and makes people have equal access to the service system offered. To assess the extent to which justice has been provided in services to the community, it can be seen from the indicators of service distribution and service allocation organized by the organization (Isa, 2022).

The interview results show that the BUMDes annual meeting in Paku Selatan Village is still ineffective in discussing the latest developments. The information conveyed to the community tends to be repetitive, discussing more about BUMDes management in the 2016-2020 period compared to evaluating current conditions. One of the main issues is the lack of transparency regarding the whereabouts of BUMDes assets, including the condition of damaged goods. In addition, although the community has equal opportunities to access BUMDes services, the lack of innovation and improvements in asset management make the services provided less than optimal.

On the planning and evaluation aspect, although it has been conducted annually and involves all elements of the community, the discussion is still limited. BUMDes currently more often submit capital requests without including details on the use of funds, which leads to a lack of community trust in BUMDes management. This points to the need for improvements in the reporting and accountability system, so that the proposed funds have clear details and can be accounted for to the community.

The lack of training for BUMDes administrators is also a factor that exacerbates this condition. Based on informants' information, the training that was received was only conducted once and was not attended by all members. In addition, only the BUMDes head has skills in computer operations, so data entry and financial management are entirely dependent on him. This imbalance in task sharing can negatively impact transparency and efficiency in BUMDes management.

In the past, BUMDes Mandiri 2016-2020 had a high level of trust from the community as they were able to provide good services and encourage the spirit of gotong royong in various village activities. However, in contrast to the current condition of BUMDes, many communities have turned to other parties to fulfill their needs due to the declining quality of BUMDes services. This condition indicates that fundamental changes are needed in the management of BUMDes, including improving the skills of its management or human resources, transparency in the management of funds and assets, and the development of new business units that are in line with the needs of the village community.

The relationship between this research and the results of research conducted by (Risalah & Eriswanto, 2023) also found that the quality of services provided is still not good and the quality of human resources who still do not know how to manage BUMDes properly is a major factor.

Based on field findings, researchers found that the annual meeting of BUMDes Mandiri Desa Paku Selatan is still ineffective in discussing the latest developments, with more focus on the 2016-2020 management period than evaluating current conditions. Transparency in asset management is still a major problem, especially regarding the existence and condition of damaged goods.

Although the community has equal access to BUMDes services, the lack of innovation and poor asset management makes the services provided less than optimal. In addition, in terms of planning and evaluation, capital applications are often made without clear details, which lowers community trust in BUMDes management. Therefore, human resources must be improved.

#### 4. Responsiveness

According to Dwiyanto, responsiveness is the organization's ability to recognize community needs, set service agendas and priorities, and develop public service programs in accordance with community needs and aspirations. In short, responsiveness refers to the alignment between service programs and activities with community needs (Isa, 2022).

Based on interviews with several informants, it can be seen that the current management of BUMDes Mandiri Desa Paku Selatan still faces various challenges, especially in terms of innovation and business management. One of the main criticisms is the lack of development of the BUMDes program, where no new business units have been developed since the previous management period. This lack of innovation has resulted in the BUMDes not being able to adapt to the changing needs of the community, resulting in its function as a driver of the village economy becoming less than optimal.

In addition to the lack of innovation, existing business units are also not running optimally. Informants stated that BUMDes should revive the existing business units, especially those that are in line with the needs of the majority of the village community, such as the procurement of farming equipment (alsintan). Given that many villagers work as farmers, reactivating these business units would be very helpful in increasing the village's agricultural productivity. However, to date, there has been no concrete effort from the BUMDes management to develop or revive business units that have the potential to benefit the community.

Another issue that emerged was related to the condition of BUMDes facilities and assets. Some assets are reportedly damaged, some are even missing, with no clarity on their whereabouts. The community has also not received transparent information from the BUMDes management regarding this issue. This lack of transparency has led to speculation and distrust from the community towards the current BUMDes management. However, information received suggests that a handover meeting and final accountability meeting will be held in the near future, which is expected to provide clarity on the BUMDes' assets and financial condition.

In addition, the BUMDes management's response to criticism and suggestions from the community is also considered very slow and less open. In fact, there is a tendency to mix personal issues in the management of the BUMDes, which further exacerbates the situation. This has led to a lack of good communication between the community and the BUMDes

management, hampering the potential for better cooperation to develop village businesses. The community's trust in the BUMDes has also declined due to the lack of transparency and unprofessional responses from the management.

Finally, coordination issues between the village government and BUMDes administrators are also an obstacle in managing village businesses. Informants mentioned that there is mistrust and miscommunication between the two parties, which makes supervision of BUMDes operations less effective. In fact, cooperation between the village government and BUMDes is crucial to ensure that the enterprise continues to run in accordance with the interests of the village community. Therefore, efforts are needed to improve the relationship and enhance coordination between the village government and BUMDes management to create a more transparent, accountable, and beneficial management system for the community.

The relevance of this study with the results of research conducted by (Maryam R et al., 2025) In the program aspect, BUMDes have run several businesses, but lack of planning and limited capital hamper their development. The main factors that hinder sustainability are the low skills of managers, lack of support from the private sector and managers must better recognize what the community needs.

Based on the results of the field findings conducted, researchers found that the current performance of BUMDes is the absence of new business unit development since the previous management period, so that BUMDes is unable to adapt to the needs of the community. In addition, existing business units are also not running optimally, even though some previous businesses, such as the procurement of farming equipment (alsintan), have greatly benefited the village community. Another issue that surfaced was related to the condition of BUMDes assets, where several assets were damaged or lost without clarity, and the community hoped that the handover and final accountability meetings would provide clarity on these issues.

In addition, the response of BUMDes administrators to criticism and suggestions from the community is considered slow and less open, and there is even a tendency to mix personal issues in management. The lack of good communication further hampers cooperation between the community and the BUMDes management, resulting in a decline in community trust in this institution. Weak coordination between the village government and BUMDes management is also an obstacle in managing village businesses. Distrust and miscommunication between the two parties hinder the supervision of BUMDes operations. Therefore, improvements are needed in management transparency, increased business innovation, and better coordination between the village government and BUMDes administrators.

## **Conclusion**

Based on efficiency indicators, the performance of BUMDes Mandiri Desa Paku Selatan shows significant differences between the two management periods. In the 2016-2020 period, the BUMDes was able to optimally utilize available resources by developing various business units that were not only profitable but also provided social benefits to the community, reflecting efficiency in business management. However, in the period 2020-2024, efficiency declined drastically due to a lack of innovation, weak management, and the absence of maximum asset utilization, leading to the cessation of most business units and a loss of contribution to PADes. The main factors causing this setback are not only limited funds due to the pandemic, but also poor governance and lack of strategies in maintaining business sustainability, so the efficiency of BUMDes in this period can be categorized as low.

Based on effectiveness indicators, the performance of BUMDes Mandiri Desa Paku Selatan currently shows a significant decline compared to the previous period. The lack of running business units, lack of innovation, and non-optimal management reflect the low effectiveness in achieving the main objective of BUMDes, which is community economic empowerment in developing the village. In addition, the lack of transparency in asset and financial management has led to a decline in community trust and participation. If there is no immediate evaluation and improvement in governance and business management strategies, the BUMDes will increasingly lose its role as the driving force of the village economy.

Based on the fairness indicator, the current performance of BUMDes Mandiri Desa Paku Selatan shows inequality in management and services to the community. Although the community formally has equal access to BUMDes services, low innovation, lack of transparency in asset and fund management, and limited skills of the management hamper the equitable distribution of benefits. The lack of training and reliance on a single individual in financial management also reflects the unfairness in task sharing, which impacts on effectiveness as well as community trust. To restore the role of BUMDes as an equitable and inclusive institution, improvements in the governance system, capacity building of the management, and development of businesses that can truly meet the needs of the community are needed.

Based on the responsiveness indicator, the current performance of BUMDes Mandiri Desa Paku Selatan shows weakness in responding to community needs, criticisms, and aspirations. The lack of innovation, suboptimal management of business units, and lack of transparency in asset and financial management reflect the low responsiveness of the management to changes and problems. In addition, the slow response to community criticism and the tendency to mix personal interests in BUMDes management further deteriorate communication and community trust. Unbalanced coordination between the village government and BUMDes management is also a factor that hinders the effectiveness of supervision and management of village businesses. Therefore, improvements in transparency, communication, and coordination are needed so that BUMDes can return to its role as an institution that is responsive to community needs and able to optimally perform its function as a driver of the village economy.

Based on the above conclusions, there are several things that need to be suggested, namely to improve the performance of BUMDes Mandiri Desa Paku Selatan, improvements in governance are needed through transparency, accountability, and sustainable strategy-based management. The management must optimize existing assets, revive potential business units, and innovate in creating new economic opportunities according to community needs. Managerial training for administrators is also important so that they are able to manage the business professionally. In addition, synergies with the village government and community must be strengthened to rebuild trust and ensure that BUMDes can effectively contribute to the village economy again. This research still requires further research.

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