

## FACTORS IMPACT ON DIRECTOR CAPABILITIES TO RUN VILLAGE-OWNED ENTERPRISES (BUMDESA)

Ihwan Sudrajat

Fakultas Manajemen Pemerintahan, Institut Pemerintahan Dalam Negeri, Kota Jakarta Selatan, Daerah Khusus Ibukota Jakarta 12560  
*Email: ihwan.sudrajat@gmail.com*

**ABSTRACT.** The objective of this study is to present the perspectives of District Heads (Camat), regarding to the existence of BUMDesa and the impact factors on directors capabilities to run BUMDesa. These factors are primarily related to the characteristics of the BUMDesa directors, including their competence, capability, and social culture. This research employs a combination of quantitative descriptive statistics and qualitative methods. The subjects of the study are Camats selected through convenient sampling. The survey was conducted using measurement tools developed by the researcher, based on the theory of Naminsse, Zhung, and Zhu (2019), which comprises aspects of competence, capability, and socio-cultural factors. The results show that the number of active BUMDesa in the district is less than 50%; the majority of BUMDesa administrators have a high school education, with only a small proportion (22%) holding a bachelor's degree. Capability or work experience prior to becoming a director is more critical than educational level. Additionally, most BUMDesa directors have other jobs, predominantly as entrepreneurs. This dual-role profession prevents BUMDesa directors from fully focusing on the development of BUMDesa. The influence of the village head is significant in shaping the existence of BUMDesa, with village heads playing a vital role in determining BUMDesa administrators. This role can be both a hindrance and a support. Successful BUMDesa are generally backed by strong support from the village heads. District heads have not yet optimally performed their primary duties and functions, but there is great enthusiasm among them to enhance guidance for BUMDesa, especially in initiating the establishment of joint BUMDesa.

**Keywords:** competence, capability, and social culture

### INTRODUCTION

In 2014, the government enacted Law No. 6 of 2016 concerning Villages. One of the objectives of this regulation is to encourage the initiative, movement, and participation of village communities in developing village potential and assets for collective welfare. Based on one of the 13 principles underlying the creation of this law, village governance is aimed at making villages self-reliant, a process undertaken by the village government and the village community to meet their needs independently. Accordingly, village governments are encouraged to establish Village-Owned Enterprises (BUMDesa) that engage in economic and/or public service activities. Article 89 specifies that the proceeds from these enterprises (BUMDesa) are to be used for village development, community empowerment, and assistance for the poor through grants, social assistance, and revolving

fund activities stipulated in the Village Revenue and Expenditure Budget.

When understood substantively, this regulation reflects a desire to position BUMDesa as an effective medium in poverty alleviation programs. A similar approach has long been implemented in China, where the government employs the concept of Township and Village Enterprises (TVEs) to combat poverty. The success of the Chinese government in drastically reducing poverty over 40 years (1978-2018) has been extensively studied by scholars. The World Bank (2022), in collaboration with the Development Research Center of the State Council, The People's Republic of China, produced a special report titled "Four Decades of Poverty Reduction in China, Drivers, Insights for the World, and the Way Ahead" ("Four Decad. Poverty Reduct. China," 2022)

In the preface to this report, Manuela Ferro, Vice President of the World Bank for

East Asia and Pacific Region, and LU Hao, President of the China Research Institute, stated that the purpose of the report, which took two years to prepare and was published in 2022, is to provide lessons for other countries on China's success in reducing poverty, emphasizing the importance of education, export orientation, sustainable infrastructure development, and structural policies supporting market competition. In 2021, the Chinese government declared its success in eradicating extreme poverty by lifting 770 million people out of poverty during the period from 1978-2018, marking an unprecedented achievement in history.

The World Bank report highlights the significant role of TVEs in poverty alleviation, accelerating the industrialization process in rural areas. Chow and Fu (2011) and (Dacosta & Carroll, 2001) noted that TVEs played a major role as job providers in China for several decades. According to Chow and Fu (2011), in 1978, TVEs employed 2.8 million people, about 9.5% of the total agricultural workforce. Between 1978 and 1990, the number of workers employed by TVEs increased to 113 million, and by 1994, TVEs had employed 120 million workers in rural areas. One of the factors determining the success of TVEs, according to these researchers, is the systematic management of the workforce. Their research shows that workforce management by TVEs improved in line with the development of TVE assets.

Naminse, Zhuang, and Zhu (Naminse et al., 2019) found a significant relationship between farmer entrepreneurship and poverty reduction in villages. Besides creating jobs, increasing production, and fostering innovation, the presence of TVEs in villages has built an entrepreneurial ecosystem that accelerates the poverty alleviation process in rural areas. According to them, the development of entrepreneurship is significantly influenced by three variables: the level of education, economic factors, and socio-cultural capabilities. Socio-cultural capabilities, translated into collective solidarity, were found to have a greater impact on the development of entrepreneurship ( $\beta:0,39$ ) among rural Chinese

farmers compared to education levels ( $\beta:0,28$ ) and economic capabilities ( $\beta:0,22$ ).

Referring to these research findings, and assuming that the functions of BUMDesa do not differ substantially from TVEs, the objective of this study is to present the perspectives of District Heads (Camat), regarding to the existence of BUMDesa and the impact factors on directors capabilities to run BUMDesa. This study focuses particularly on the characteristics of BUMDesa directors in terms of competence, capability, and socio-cultural factors.

## THEORETICAL FRAMEWORK

Churchill and Lewis (Churchill & Lewis, 1983) proposed five stages that business organizations must go through, while Steinmetz (1969) outlined three stages of development for small businesses to become established companies. Both theories suggest that at each stage, there are critical points that must be navigated. Success in each stage is marked by an increase in the value of assets and the number of employees. Failure to progress through these stages is often due to management's inability to handle competitive pressures, which is influenced by the quality of management at each stage. Both Churchill and Lewis, as well as Steinmetz, agree that in the early stages of a company's existence, its success is greatly influenced by the leadership within the company rather than the management systems developed.

The success of a business is often measured using financial metrics such as revenue, profit, growth rate, accuracy, cost, return on assets (ROA), return on equity (ROE), and return on sales (ROS) (Of & Behavior, 2023). However, these financial metrics as criteria for business success are not fully accepted by many experts. Non-financial metrics should also be considered as measures of business success. This is based on the understanding that the success of a business fundamentally reflects its efforts in managing human and material resources to achieve its targets. The approach used involves comparing

inputs and outputs over a certain period (Aminu & Mohd Shariff, 2015; Xuan et al., 2020).

Research conducted by Thuy et al. (2023) found that business success can be determined by non-financial factors, both internal and external. Internal factors include the knowledge and education of managers, the knowledge and education of employees, and the ability to manage assets. External factors are influenced by the economic environment, economic conditions, and the characteristics of the business being developed.

These findings align with research by Thi Ngan et al. (2018), which states that business success is determined by the characteristics of the managers who run the business, the characteristics of the owners, the policies implemented, the company's financial status, the workforce, and infrastructure.

Bhardwaj and Punia (2015) and Wheeler (2008) identified the competencies of successful corporate business managers. They reviewed research literature and various working papers to examine the relationship between managerial competencies and corporate outcomes. Their findings indicate that managers who are proficient in communication, teamwork building, self-control, proactivity, result-orientation, strategic thinking, ambition, decision-making, risk-taking, and creativity generally exhibit high competence and succeed in their roles. Consequently, they recommend that organizations assess their managers' competencies to determine if there is a gap between managerial skills and organizational targets. This assessment will aid organizations in deciding on necessary training and programs to achieve operational effectiveness and efficiency. Each successful manager possesses several required competencies, enabling them to perform effectively at various managerial levels. Competency is defined as a combination of knowledge, skills, behaviors, and attitudes that contribute to personal effectiveness (Hellriegel et. Al. 2005).

Luthan (1998) distinguishes between effective leaders and successful leaders, emphasizing that effective leaders drive productivity and employee satisfaction, while

successful leaders are those who are quickly promoted. The competency-based performance theory posits that management performance is the ability of a manager to contribute to the achievement of organizational goals (Shirazi & Mortazavi, 2009). Finn (1993) asserts that a manager's performance (competency output) is influenced by knowledge and experience (competency input) and personal characteristics (competency process). Maximum performance is believed to occur when personal capabilities or talents are consistent with the requirements of the task and the organizational environment (Boyatzis, 2009)

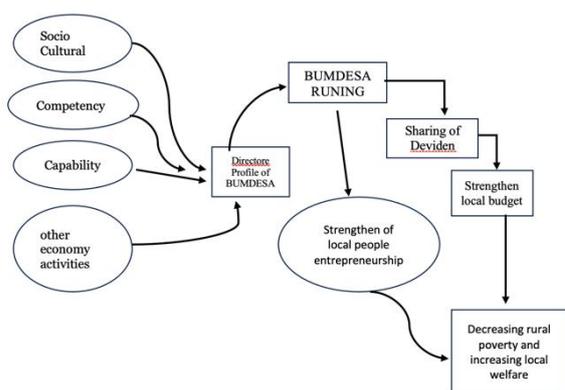
Paton and Johnston (2017) observed a close relationship between local enterprises and community empowerment, particularly noting that local companies have a quicker recovery from business-impacting disasters through employment and services to the local community. Research in Scotland by Keane (2017) indicates that companies in rural areas significantly contribute to strengthening the local economy.

Steiner dan Atterton (Steiner & Atterton, 2015) examined the role of local businesses in several South Australian villages in local economic development. They found that private enterprises contribute to local economic resilience both directly and indirectly. Directly, they create jobs and enhance the production and marketing of local products. Indirectly, they increase the value added from production and address depopulation. According to them, local entrepreneurs generally have the ability to utilize local economic resources, including existing economic opportunities in villages, to strengthen village-based enterprises.

The theoretical framework of this research is presented in Figure 1, referring to the findings of Naminse, Zhuang, and Zhu (Naminse et al., 2019). According to data presented in the Appendix of the Ministerial Decree on Village Development and Transmigration, No. 145 of 2022 (Kementerian Desa, 2021), regarding the Ranking Formula for Village-Owned Enterprises (BUMDesa/BUMDesa together), in 2021, out of 74,954 villages in Indonesia, 45,862 villages

(61.19%) had established BUMDesa. However, only 5,000 BUMDesa had reached developing status, and 600 BUMDesa (1.31%) had achieved advanced status, while the remaining 87.79% were still in the initial stage. This means that the majority of BUMDesa are still at stage 1 as mentioned by Churchill and Lewis and Steinmetz.

In this context, the role of the BUMDesa director is crucial in determining the success of BUMDesa in transitioning from stage 1 to stage 2. Therefore, the performance of BUMDesa directors will be significantly influenced by socio-cultural factors, competencies, capabilities, and business choices oriented towards local economic activities. The profile of these factors, as indicated by previous research, will yield positive results for BUMDesa performance if the elements of the director's profile align with the market needs of BUMDesa. Successful BUMDesa will foster entrepreneurial spirit within the local community and contribute to Village Original Revenue (PADes), which in turn will provide the village with greater capacity to allocate larger expenditures to accelerate poverty reduction.



Source: Naminse, Zhuang, and Zhu (2019)

**Figure 1. Theoretical Framework**

**METHODS**

The research methodology employed in this study combines descriptive statistics and qualitative methods. According to Creswell (One, 2008) qualitative methods differ significantly from quantitative methods. Qualitative methods rely heavily on data literacy and description, involve

unique stages of data analysis, and are depicted through diverse designs. Cibangu (Mohajan, 2018) states that qualitative research encompasses several methods, including case studies, open and closed interviews, focus groups, historical research, participatory observation, comparative methods, and biographies. Qualitative methods are exploratory and seek to provide explanations for how and why social phenomena or programs occur or operate within their context. Qualitative methods help to understand the social phenomena in which we live and why we perceive them in a certain way (Polkinghorne, 2005). This study involves three stages:

- 1) Enhancing understanding and comprehension of the policies for establishing BUMDesa in accordance with legislation and the primary duties of resource persons, district heads (Camat) in guiding and supervising village development, including their duties in fostering BUMDesa.
- 2) Explaining the content of the questions presented in a Google questionnaire, the method of answering them, clarifying any unclear aspects of the questions, and completing the questionnaire online.
- 3) Conducting in-depth interviews with several resource persons in focus group discussions to delve deeper into the questions answered by the resource persons and to refine their opinions during the focus group discussions (FGD).

The quantitative method involved conducting a survey distributed via Google Forms, with aspects designed by the researcher based on the theory by Naminse et al. (2019), encompassing three factors: competence, capability, and competence. The research subjects were district heads (Camat) participating in the thirteenth cohort of public administration education at the Institute of Public Administration (IPDN). Data analysis was performed using descriptive analysis.

**RESULTS AND DISCUSSION**

**a. Respondent Profile**

The total number of respondents was 36, comprising students from the Directorate of Public Administration Profession at the Institute of Public Administration's thirteenth

cohort for the academic year 2023-2024. The respondents' profession is Civil Servants (PNS) holding the position of Camat, hailing from various regions, particularly West Java, Central Java, and Sumatra. Most respondents (30) hold a bachelor's degree, five have completed a master's degree, and one respondent has a doctoral degree, which was obtained in the United States. The average age of respondents is 51 years, with the youngest being 35 years old.

The district heads undergoing professional education do not hold bachelor's degrees in governmental sciences. Before becoming district heads, some held positions in regional government organizations as echelon 3 officials. The majority of respondents have held the position of district head for less than three years, with only two having more than three years of experience and aged over 50. From this profile, it can be concluded that the quality of district heads in interpreting their principal duties and functions (tupoksi) is considered representative, including their knowledge of tupoksi in fostering and supervising BUMDesa. This is reflected in the discussion process, where newly appointed district heads (less than six months in position) demonstrated sufficient knowledge in describing the condition of BUMDesa and their role in facilitating BUMDesa development. Complete data can be found in Table 1.

#### ***b. Existence of BUMDesa and Its Contribution to Village Original Revenue (PADesa)***

The existence of BUMDesa refers to its operational presence in conducting business in the village. Only 22% of respondents believe that more than 50% of BUMDesa are still active, whereas 38.89% believe that fewer than 25% of BUMDesa are active, and 36.1% believe that fewer than 50% of BUMDesa are active. Thus, 74.9% of respondents stated that fewer than 50% of BUMDesa are active. Of the active BUMDesa, approximately 66.67% of respondents reported that they are no longer incurring losses. During discussions, it was revealed that some BUMDesa have expanded

with additional business units, such as BUMDesa (awaiting further information from Mr. Mamun). Only 8.33% believe that active BUMDesa have not yet reached the break-even point (BEP), while about 25% are unaware of the BUMDesa's financial status, whether they are at BEP or incurring losses. Figures 2 and 3 show that active BUMDesa have generally surpassed the crisis phase in their business cycle, enabling them to survive and potentially contribute to Village Original Revenue (PADesa).

**Table 1. Respondent Profile**

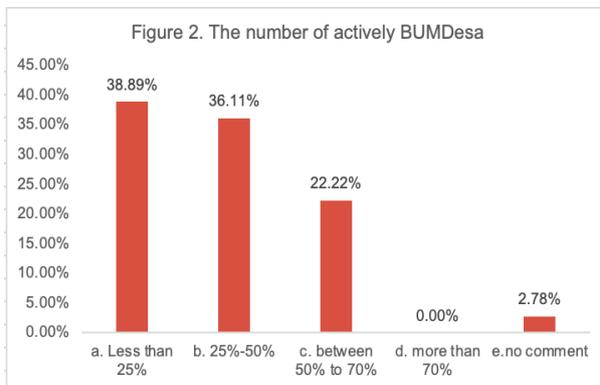
No	Indicator	Number
1	Education Level of Respondent	
	- Bachelor's Degree	30
	- Master's Degree	5
2	Age of Respondents	
	- Above 50 years old	22
	- 40 < X < 50	13
3	Duration of Service	
	- More than 3 years	2
	- 1 < X < 3 years	17
4	Origin of Province and Regency	
	West Java Province	
	- Garut Regency	13
	- Sukabumi Regency	4
	- West Bandung Regency	4
	- Kuningan Regency	6
	- Subang Regency	1
	Banten Province	
	- South Tangerang	2
	Central Java Province	
- Brebes Regency	2	
South Sumatra Province		
- Ogan Komering Ulur Regency	2	
South Sulawesi Province		
- Bone Regency	1	

Source: BUMDesa, processed by researchers, 2024

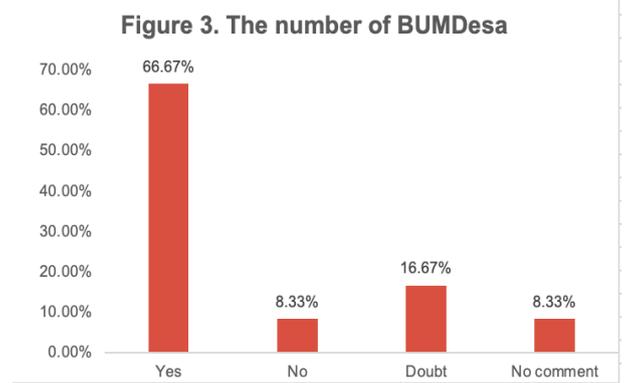
Village-Owned Enterprises (BUMDesa) in Karamat Jaya, Karamat Wangi Village, Cisurupan District, Garut Regency, have significantly contributed to the Village's Original Revenue (PA Desa) of Karamat Wangi. Similarly, BUMDesa Mandiri Sejahtera in Karangemiri Village, Karanglewas district, Banyumas Regency, has made notable contributions. Both BUMDesa share common business objectives, leveraging local economic strengths by developing tourism

sites that highlight the natural beauty and cultural richness of their respective areas. Through strategic business selection and transparent management, these BUM Desa have effectively capitalized on their natural resources, generating economic value. The most crucial aspect of this business development is the multiplier effect observed, as seen in Karamat Wangi Village.

Their business development involves collaborations driven by market demands. BUM Desa Karamat Jaya faces limitations in providing parking space, thereby offering opportunities to BUM Desa Cisurupan. The positive growth of BUM Desa Karamat Jaya attracted attention from the Ministry of Agriculture, leading to the establishment of a project near the Tepas Papandayan tourist site managed by BUM Desa Karamat Jaya. The Ministry of Agriculture's I Care Pilot Project, focusing on potato commodities, was initiated in Balewangi Village, Cisurupan district. The district Head of Cisurupan and the Village Head of Karangkemiri believe that BUM Desa will contribute to the Village's Original Revenue. They have outlined plans for developing new tourist sites in the upcoming years and highlighted the infrastructural support promised by the Regent or the Regional Secretary during their visits to the tourist sites, which aim to facilitate transportation to these locations. This aligns with the expectations stipulated in Law No. 6 of 2014, which envisions villages enhancing their autonomy.



Source: BUMDesa, processed by researchers, 2024



Source: BUMDesa, processed by researchers, 2024

### c. Quality of Human Resources Managing BUM Desa

The leadership strength and influence of the BUM Desa Director are the primary focus of this study. Given that BUM Desa has only been established for a few years, it can be categorized under stage 1 in the Churchill and Lewis (1983) or Steinmetz (1969) models, which discuss critical points requiring attention at each stage. Jim Collins (2001), in his renowned book "Good to Great," clearly illustrates the role of Chief Executive Officers (CEOs) in rescuing major U.S. companies from bankruptcy, citing Darwin E. Smith as an example. Smith, initially a legal staff member, was promoted to CEO of Kimberly-Clark, a prominent tissue manufacturer, in 1971.

At that time, Kimberly-Clark's stock value sharply declined by 36% after maintaining its value for over 20 years, placing the company on the brink of bankruptcy. In this dire situation, Darwin E. Smith, a staff member handling the company's legal matters, was chosen by the Board of Commissioners to become the CEO. Twenty years later, Kimberly-Clark's stock value had surged 4.1 times in the stock market, surpassing its major rivals Scott Paper and Procter and Gamble, and outperforming other large companies in the stock market, including Coca-Cola, Hewlett-Packard, 3M, and General Electric. According to Jim Collins, leadership is the key to everything. Although he acknowledges that many other factors influence a business's progress, it is undeniable that selecting the right leader or otherwise will determine the company's future.

Competence and capability are two essential factors that must be considered when

choosing a leader for an organization, including business organizations. Table 2 presents data on the education level of BUMDesa directors, and Table 3 relates to occupations held in addition to the position of BUMDesa Director. A total of 21 respondents stated that the education level of BUMDesa directors was high school graduation, while 5 respondents indicated a diploma, and only 22.22% indicated a bachelor's degree. According to respondents, education level is not an issue in their area, as those with lower education levels typically understand their positions. The primary factor in determining the success of BUMDesa is the background before becoming a BUMDesa director, in other words, capability resulting from the director's work experience.

Table 2 provides data on employment outside the director position, where approximately 83.33% of respondents stated that the BUMDesa directors have other jobs besides their directorship. Of these, 50% of respondents indicated that these jobs were entrepreneurial, 8.33% stated they were regional officials, and there were also educators and community leaders. The concentration on performing duties as a BUMDesa Director will certainly not be full if there are other responsibilities that need to be fulfilled. The tug-of-war between personal work interests and the position as a Director can be resolved if the income from the director position is higher than the previous business or profession. From interviews with respondents, it was found that more than 50% of BUMDesa Directors have side jobs (see Table 3). This will affect the leadership style of BUMDesa Directors, including the opportunity to progress beyond stage 1, which will be increasingly limited if dual professional functions are still carried out despite having public responsibilities that demand professional dedication.

**Table 2. Education Level of BUMDesa Directors**

No	Education Level	Number of Respondents	Percentage
1.	High School Graduate	21	58.33%

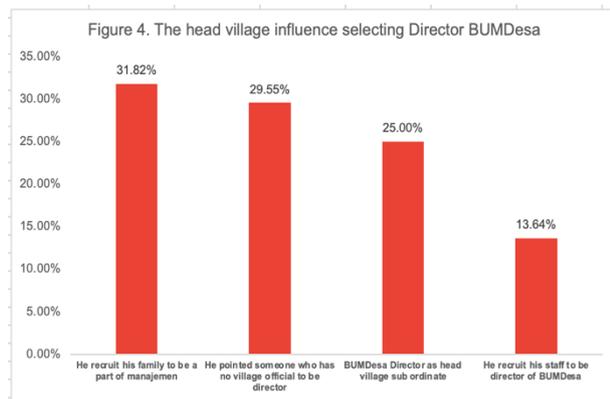
2.	Diploma	5	13.89%
3.	Bachelor's Degree	8	22.22%
4.	Unknown	2	5.56%

Source: BUMDesa, processed by researchers, 2024

**Table 3. Occupations in Addition to the Director Position**

No	Occupation	Number of Respondents	Percentage
1.	Entrepreneur	18	50%
2.	Educator	1	2.78%
3.	Community Leader	8	22.22%
4.	Regional Official	3	8.33%
5.	Unknown	6	16.67%

Source: BUMDesa, processed by researchers, 2024



Source: BUMDesa, processed by researchers, 2024

The involvement of the village head in the selection of BUMDesa management, based on respondents' observations, strongly influences the process. In the selection of the Director, the village head's emotional connection is evident in excessive connectivity actions such as appointing a family member as part of the BUMDesa management (31.82%) and imposing the selection of certain individuals outside the village apparatus as Directors. This behavior, according to 60% of respondents, potentially degrades the quality and efficacy of BUMDesa, as humorously suggested by respondents, making it "low-quality and powerless." Furthermore, interviews revealed that the village head's excessive influence in choosing BUMDesa management results in a lack of transparency and tends towards "barber shop management," which does not adhere to

proper management principles, such as the work division concept advocated by Weberian management.

The strong involvement of the village head in the initial formation of BUMDesa management can be understood because the village head does not want the initial operational capital of BUMDesa, which comes from the APBDesa (village budget), to be mismanaged. Other respondents stated that this involvement was due to political promises made during the village head election to certain parties, compelling the village head to fulfill these promises. A district head in one of the districts in West Java mentioned that the regent had issued a circular prohibiting the use of the regional budget for capital placement in BUMDesa due to the village heads' lack of attention to the management of the deposited capital, resulting in unproductive investments and BUMDesa either not operating or being on the verge of ceasing operations. This prohibition has been in place for three years and remains effective at the time of the interview.

#### *d. Support from the Village Head*

BUM Desa Mandiri Sejahtera, located in Karangkemiri Village, Karanglewas district, Banyumas Regency, Central Java Province, has successfully developed a renowned educational and outbound tourism site. This location offers several attractions that leverage natural beauty, including a playground, swimming area, wedding venue, and meeting space. I had the opportunity to meet with Karangkemiri Village Head, Nanang Pranoto, and gained extensive information about his efforts to develop the tourism site. Currently, numerous attractions are offered to visitors, including new buildings ready for events. One of the drivers for developing new attractions was the suggestion from several residents who observed a trend in the community towards renting venues for weddings.

The strong support of the Village Head has significantly contributed to the development of BUM Desa Mandiri Sejahtera and its contributions to the village's original revenue (PA Desa). One respondent, the Camat of Cisurupan, Garut Regency, confirmed the strategic support of the Village Head in the

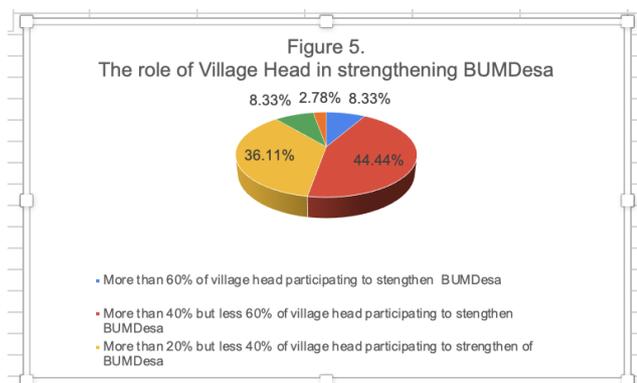
development of BUM Desa. He cited BUM Desa Kramat Jaya in Keramat Wangi Village, which has several businesses such as clean water provision, Aceng coffee product sales, and the Agritourism Tepas Papandayan unit. Since 2023, BUM Desa has exempted villagers from paying for clean water, as the income from the other two business units has been sufficient to provide adequate revenue according to its business plan.

A total of 44.44% of respondents stated that Village Heads who actively support the growth of BUM Desa account for about 40% to 60%, or an average of 50%, while 36.11% of respondents indicated that only 30% of Village Heads are actively involved. This indicates that Village Head support is still less than 50%, based on the principle of 50%+1%. Consequently, it is not surprising that more than 50% of BUM Desa are inactive, and even those that are active, only about 66.67% are able to operate without incurring losses and provide dividends to the village government.

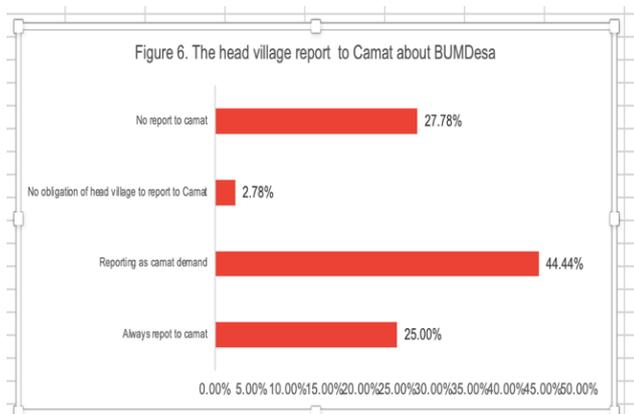
The commitment of the Village Head in providing capital is regarded by 44.44% of respondents as a critical factor in the success of BUM Desa, whereas continuous evaluation and monitoring by the Village Head as the Controlling Shareholder (PSP) is only chosen by 5.56% of respondents. Worryingly, 50% of respondents stated they did not know the key factors determining BUM Desa's business success. This may occur because the primary tasks of the district in village financial management and asset utilization, as stipulated in Article 154, paragraph 1 of Government Regulation 43 of 2014, have not been effectively implemented, limiting the understanding of BUM Desa's condition.

Figure 6 illustrates the coordination of the Camat with the Village Head in reporting BUM Desa's performance. A total of 44.44% of respondents stated that Village Heads only report developments to the Camat upon request, 25% indicated that Village Heads report regularly, while 27.75% said Village Heads never report BUM Desa's developments to the Camat. Overall, from the perspective of the Camat, the coordination between the Camat and Village Heads needs improvement.

In more in-depth interviews with the sources, several thoughts emerged about the importance of the Camat's role in strengthening BUM Desa. These include evaluating and monitoring each BUM Desa business plan in their area, as the Camat is positioned as an advisor in BUM Desa's management structure. However, there is currently no regulation providing a legal basis for the Camat to conduct effective supervision. It is suggested that this should be established through Regional Head Regulations to ensure the Camat's function in supervising BUM Desa becomes more effective.



Source: BUMDesa, processed by researchers, 2024



Source: BUMDesa, processed by researchers, 2024

## CONCLUSION

- The number of active BUM Desa in the district is less than 50%, tending to be below 25%, and 66% of these do not incur losses and even contribute to the Village Original Revenue (PADesa).
- The capability of the Village Head, indicated by work experience before becoming a BUM Desa Director, is more critical for the Director's success in running the business organization than competence or education level.

- Successful BUM Desa that contribute to PADesa are those whose business choices are based on local economic advantages, such as selling local beauty and products.
- The Village Head's involvement in selecting BUM Desa management is aimed at safeguarding the capital managed by BUM Desa to provide value and generate PADesa.
- The Village Head's role is crucial in helping develop BUM Desa businesses, especially in the early stages of their operation.
- In the guidance of BUM Desa, few district heads pay attention to BUM Desa's function in strengthening PADesa's capacity.

## RECOMMENDATIONS FOR FURTHER RESEARCH

- Conduct an in-depth study of Village-Owned Enterprises (BUMDesa) that have successfully operated their businesses, focusing on the role of village heads and the surrounding social environment in supporting the success of BUMDesa enterprises.
- Evaluate the benefits of Village-Owned Enterprises (BUMDesa) in promoting the economic development of the local community.

## REFERENCES

- Aminu, I. M., & Mohd Shariff, M. N. (2015). Determinants of SMEs performance in Nigeria: A pilot study. *Mediterranean Journal of Social Sciences*, 6(1), 156–164. <https://doi.org/10.5901/mjss.2015.v6n1p156>
- Bhardwaj & Punia. (2015). *Managerial Competencies and their Influence on Managerial Performance : A MANAGERIAL COMPETENCIES AND THEIR INFLUENCE ON MANAGERIAL PERFORMANCE : A LITERATURE REVIEW*. January.
- Boyatzis, R. E. (2009). *Competencies as a behavioral approach to emotional intelligence*. <https://doi.org/10.1108/02621710910987647>
- Churchill, N. C., & Lewis, V. L. (1983). The Five Stages of Small Business Growth. *Harvard Business Review*, 61(3), 30–50. <https://doi.org/10.1016/0024->

- 6301(87)90071-9  
 Dacosta, M., & Carroll, W. (2001). Township and village enterprises, openness and regional economic growth in China. *Post-Communist Economies*, 13(2), 229–241. <https://doi.org/10.1080/14631370120052681>
- Four Decades of Poverty Reduction in China. (2022). In *Four Decades of Poverty Reduction in China*. <https://doi.org/10.1596/978-1-4648-1877-6>
- Kementerian Desa, P. (2021). Permendes RI Nomor 3 Tahun 2021. *Berita Negara Republik Indonesia*, 252, 1–137. [www.peraturan.go.id](http://www.peraturan.go.id)
- MOHAJAN, H. K. (2018). Qualitative Research Methodology in Social Sciences and Related Subjects. *Journal of Economic Development, Environment and People*, 7(1), 23. <https://doi.org/10.26458/jedep.v7i1.571>
- Naminse, E. Y., Zhuang, J., & Zhu, F. (2019). The relation between entrepreneurship and rural poverty alleviation in China. *Management Decision*, 57(9), 2593–2611. <https://doi.org/10.1108/MD-11-2017-1153>
- Of, J., & Behavior, O. (2023). *Örgütsel Davranı  Ara  tirmaları Dergisi*. 27–39.
- One, C. (2008). *The Selection of Quan Qual Mixed Methods*. 3–22.
- Polkinghorne, D. E. (2005). Language and meaning: Data collection in qualitative research. *Journal of Counseling Psychology*, 52(2), 137–145. <https://doi.org/10.1037/0022-0167.52.2.137>
- Shirazi, A., & Mortazavi, S. (2009). Effective Management Performance A Competency-Based Perspective. *International Review of Business Research Papers*, 5(1), 1–10.
- Steiner, A., & Atterton, J. (2015). Exploring the contribution of rural enterprises to local resilience. *Journal of Rural Studies*, 40, 30–45. <https://doi.org/10.1016/j.jrurstud.2015.05.004>
- Thi Ngan, T., Khac Nhu, N., Giang Ward, C., & Chi Minh City, H. (2018). Factors Affecting Business Performance of Small and Medium-Sized Enterprises in Ho Chi Minh City, Viet Nam. *International Journal of Science and Research*, 9(9), 474–480. <https://doi.org/10.21275/SR20805205603>
- Thuy, V. T. T., Nhung, P. T. H., Oanh, L. T. T., & Hoa, N. T. K. (2023). Factors Affecting Business Performance: Expanding Theoretical Measurements. *International Journal of Professional Business Review*, 8(5), e02134. <https://doi.org/10.26668/businessreview/2023.v8i5.2134>
- Wheeler, J. V. (2008). The impact of social environments on emotional, social, and cognitive competency development. *Journal of Management Development*, 27(1), 129–145. <https://doi.org/10.1108/02621710810840802>
- Xuan, V. N., Thu, N. T. P., & Anh, N. T. (2020). Factors affecting the business performance of enterprises: Evidence at Vietnam small and medium-sized enterprises. *Management Science Letters*, 10(4), 865–870. <https://doi.org/10.5267/j.msl.2019.10.010>



© 2024 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY SA) license