

Analysis of Factors Affecting the Performance of Village-Owned Enterprises in Cianjur Regency

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ABSTRACT

This study investigates the performance determinants of Village-Owned Enterprises (BUMDes) in Indonesia, focusing on BUMDes Ciputri Gemilang in Cianjur Regency. Despite the increasing recognition of BUMDes as crucial instruments for rural economic development, many face significant challenges in achieving their dual objectives of economic profitability and social impact. Using a qualitative case study approach, this research explores the internal and external factors influencing BUMDes performance through in-depth interviews, observations, and document analysis.

The findings reveal a complex interplay of factors affecting BUMDes Ciputri Gemilang's performance. Internal challenges include declining sales, ineffective promotional strategies, and high production costs relative to revenue. External factors encompass market competition, changing consumer preferences, and inconsistent government support. The study highlights critical issues in governance, human resource capacity, financial management, and community engagement that impede the BUMDes' ability to fulfill its economic and social mandates.

Despite these challenges, the research identifies pockets of success, particularly in initiatives like the village market project, demonstrating the potential of BUMDes to contribute to local economic development. However, the overall economic impact remains limited due to low profit margins and insufficient community participation.

This study contributes to the growing body of literature on rural development and social enterprises in Indonesia by providing insights into the operational realities of BUMDes. It underscores the need for strategic management approaches tailored to local conditions, enhanced capacity-building initiatives, and more effective policy implementation to support BUMDes development. The findings have implications for policymakers, BUMDes managers, and rural development practitioners, offering a foundation for developing targeted strategies to enhance the performance and impact of Village-Owned Enterprises in Indonesia.

Keywords: Village-Owned Enterprises, BUMDes, rural development, social enterprise, Indonesia, performance management

INTRODUCTION

Village-Owned Enterprises (BUMDes) have emerged as a vital instrument for facilitating local economic development and improving the welfare of rural communities in Indonesia. Established under Law No. 6 of 2014 regarding Villages, BUMDes are intended to manage village resources, generate income, and provide essential services to the local population. This initiative aims to empower communities by enabling them to harness their resources effectively, thus fostering sustainable economic growth. In regions like Cianjur Regency, where many villagers rely on agriculture and local businesses, BUMDes play a crucial role in enhancing livelihoods and promoting economic diversification.

The performance of BUMDes is influenced by a multitude of factors, which can be broadly categorized into internal and external elements. Internal factors include management practices, operational efficiency, and the quality of human resources. Effective leadership and sound management strategies are essential for ensuring that BUMDes operate smoothly and meet the needs of their



communities. Research by Suharto et al. (2021) highlights that strong leadership and proactive community engagement significantly contribute to the success of these enterprises, enabling them to respond effectively to local challenges and opportunities.

External factors, on the other hand, encompass government policies, economic conditions, and socio-cultural dynamics. Local governments play a pivotal role in creating a conducive environment for BUMDes through supportive policies and regulations. Sari et al. (2022) point out that government support, such as funding, training, and infrastructure development, can directly enhance the performance and sustainability of village-owned enterprises. In Cianjur Regency, understanding the interplay between these external factors and the local context is essential for optimizing the impact of BUMDes on rural development.

Moreover, community participation is a critical element in the success of BUMDes. Engaging community members in decision-making processes fosters a sense of ownership and accountability, which can lead to better performance outcomes. Villagers who are actively involved in the management of BUMDes are more likely to contribute their skills and resources, ultimately enhancing the enterprise's effectiveness. This participatory approach not only builds trust among stakeholders but also encourages collaborative efforts to address local challenges.

In addition to community engagement, the economic conditions of the region significantly influence the performance of BUMDes. Factors such as market demand, competition, and access to resources can affect the sustainability of these enterprises. In regions like Cianjur, where agriculture remains a dominant sector, BUMDes must adapt to changing market dynamics and consumer preferences to remain viable. Conducting a thorough analysis of these economic factors is crucial for identifying strategies that can bolster the performance of BUMDes in the face of external pressures.

This research aims to provide a comprehensive analysis of the factors affecting the performance of BUMDes in Cianjur Regency, focusing on both internal and external influences. By examining the interplay between management practices, community involvement, and government support, this study seeks to identify critical areas for intervention that can enhance the effectiveness of village-owned enterprises. Ultimately, the findings will contribute to the broader discourse on rural development and the role of local enterprises in fostering sustainable economic growth.

In conclusion, the significance of BUMDes in promoting rural development in Indonesia cannot be overstated. As these enterprises continue to evolve, understanding the various factors that influence their performance will be essential for ensuring their success. This research will not only shed light on the current state of BUMDes in Cianjur Regency but also provide valuable insights for policymakers, practitioners, and scholars interested in the sustainable development of rural communities.

LITERATURE REVIEW

Introduction to BUMDes and Their Role in Rural Development

Village-Owned Enterprises (BUMDes) have emerged as a crucial instrument for fostering economic development and improving the welfare of rural communities in Indonesia. Established under specific government regulations, BUMDes aim to empower village communities by enhancing local economic development while balancing financial performance with social goals (Winarsi et al., 2020). The regulatory framework governing BUMDes provides the necessary legal and institutional structure for their operation, allowing them to function independently and contribute to the realization of self-sufficient villages (Suryanto et al., 2021).

Factors Influencing BUMDes Performance

1. Governance and Management Practices

Effective governance has been identified as a critical factor in determining the success of BUMDes. Studies highlight the importance of transparency, accountability, and sustainable management practices in optimizing BUMDes performance (Aprillia et al., 2021). Good governance ensures that these enterprises can manage resources efficiently and meet community expectations. However, challenges in governance, particularly in the lack of effective internal control systems, have been observed to hamper the efficiency and accountability of BUMDes (Setyorini et al., 2023).



Governance in BUMDes is guided by principles such as transparency, accountability, participation, and sustainability. These principles are essential for ensuring that BUMDes operate efficiently and effectively, contributing to the welfare of the village community. However, the application of these principles is often limited, with financial reports not consistently reflecting actual operating costs and limited access to information about BUMDes developments (Aji et al., 2022).

2. Human Resource Management

The quality and management of human resources play a significant role in BUMDes performance. Research emphasizes the importance of strategic recruitment, continuous training, and fostering a motivated workforce to enhance productivity and efficiency (Sari & Frinaldi, 2020). Studies in Cianjur Regency and similar areas have identified that the lack of capable and competent human resources is a common problem affecting BUMDes operations (Hermawan & Firdaus, 2021).

A study conducted in South Sumatra Province highlights that the educational background and experience of BUMDes managers are relatively low. Despite this, managers perceive themselves as capable of managing BUMDes effectively. This suggests a potential gap between perceived and actual management capabilities, which could be addressed through targeted training and development programs (Masnila et al., 2021).

3. Financial Management

Effective financial management, including proper monitoring of sales turnover and liquidity, is vital for the sustainability of BUMDes. Research indicates that many BUMDes face challenges in financial management, including inadequate skills in financial reporting and budgeting (Sofyani et al., 2020). Implementing robust financial systems and providing targeted training in financial management are essential steps for improving BUMDes performance.

The financial management of BUMDes involves several critical stages, each with its own set of challenges and requirements:

- **Planning Stage:** This involves creating a Draft Budget through deliberations for each unit.
- **Implementation Stage:** Characterized by the use of receipts as proof of fund disbursement.
- **Administration Stage:** Involves recording cash inflows and disbursements.
- **Accountability Stage:** BUMDes must report their financial management results to the government and society.

Supervision Stage: Conducted to ensure compliance with regulations and to monitor financial activities (Nuraeni & Suryadi, 2022).

4. Social Capital and Community Engagement

The role of social capital in managing village-owned enterprises has been highlighted as a crucial factor, particularly in accelerating rural economies. Studies in Cianjur Regency emphasize the importance of social capital and local assets in determining the success of BUMDes (Azhari & Mardiyono, 2021). Community engagement and participation in BUMDes activities are seen as vital for fostering a sense of ownership and ensuring the enterprises' alignment with local needs and aspirations.

Social capital facilitates collaboration among community members and between the community and BUMDes management. This trust and cooperation are essential for the smooth operation and sustainability of BUMDes (Kurniasih, 2014). The success of BUMDes often hinges on the mutual support and active participation of the community, as evidenced by the success of some BUMDes in managing local resources (Agunggunanto et al., 2016).

5. Innovation and Adaptability

Research has shown that open innovation significantly impacts both the social and financial performance of BUMDes. This approach encourages collaboration and the sharing of ideas, which can lead to improved outcomes (Yulianto et al., 2021). The ability of BUMDes to innovate and adapt to

changing market conditions and community needs is crucial for their long-term success and sustainability.

Innovation in BUMDes is often driven by the need to improve operational efficiencies and enhance service delivery to the community. The concept of "Smart BUMDes" has been introduced, which leverages technology to enhance operational capabilities and service delivery (Mulyono & Ramdani, 2020).

6. External Support and Partnerships

Collaboration with external stakeholders, such as government agencies, educational institutions, and private sector entities, has been identified as a key factor in enhancing BUMDes performance. Studies in regions similar to Cianjur highlight the importance of synergy between village governments and universities in promoting entrepreneurship and empowering rural communities (Aprillia et al., 2021). These partnerships provide BUMDes with access to resources, knowledge, and networks that can significantly boost their operational capabilities and market reach.

BUMDes often receive financial assistance from the government, which is crucial for their development. This support can include funding for specific programs and training to improve management capabilities. Such assistance is vital for BUMDes to develop independent business capital and reduce reliance on external parties (Suryanto et al., 2021).

7. Policy Implementation and Regulatory Environment

The effectiveness of BUMDes is closely linked to the policies that govern them and how well these policies are implemented. Research indicates that well-implemented policies can significantly enhance the management and sustainability of BUMDes. However, challenges in policy comprehension and implementation at the village level have been identified, suggesting the need for improved communication and support mechanisms to ensure that BUMDes can fully benefit from the regulatory framework designed to support them (Winarsi et al., 2020).

The absence of a clear legal framework and institutional support can hinder the effective governance of BUMDes. This includes issues related to the legal status of BUMDes and the lack of synergy between village governments and BUMDes management (Kurniasih, 2014).

METHODOLOGY

This study employs a qualitative research approach, specifically utilizing a case study methodology, to investigate the factors influencing the performance of Village-Owned Enterprises (BUMDes) in Cianjur Regency, Indonesia. The choice of a qualitative case study approach is justified by the need for an in-depth exploration of the complex issues surrounding BUMDes performance within its real-world context (Yin, 2018). This methodology allows for a nuanced understanding of the interplay between various factors affecting BUMDes operations and performance.

Research Design

The research design follows an exploratory case study approach, focusing on BUMDes Ciputri Gemilang in Cianjur Regency as the primary unit of analysis. This design was chosen to provide a rich, contextual understanding of the phenomena under study, allowing for the exploration of multiple perspectives and the identification of key themes and patterns (Creswell & Poth, 2018).

Data Collection Methods

To ensure a comprehensive understanding of the case, multiple data collection methods were employed, adhering to the principle of triangulation to enhance the validity and reliability of the findings (Denzin, 2017). The following methods were utilized:



1. In-depth Interviews: Semi-structured interviews were conducted with key stakeholders, including BUMDes management, village officials, and community members. These interviews aimed to gather detailed insights into the operational challenges, governance practices, and performance factors of BUMDes Ciputri Gemilang.
2. Document Analysis: Relevant documents, including financial reports, operational guidelines, and policy documents, were analyzed to understand the regulatory environment and financial performance of the BUMDes.
3. Direct Observation: Field visits were conducted to observe the day-to-day operations of BUMDes Ciputri Gemilang, providing firsthand insights into management practices and community engagement.
4. Focus Group Discussions: Two focus group discussions were held with community members to explore their perceptions and experiences with the BUMDes, focusing on its impact on local economic development and community welfare.

Sampling Strategy

Purposive sampling was employed to select participants for interviews and focus group discussions. This strategy ensured the inclusion of individuals with diverse perspectives and roles within the BUMDes ecosystem, including management, employees, village officials, and community beneficiaries (Patton, 2015).

Data Analysis

The data analysis process followed a thematic analysis approach, as outlined by Braun and Clarke (2006). This involved the following steps:

1. Familiarization with the data through repeated reading of transcripts and field notes.
2. Generation of initial codes to identify relevant features of the data.
3. Searching for themes by collating codes into potential themes.
4. Reviewing themes to ensure they accurately reflect the meanings evident in the dataset.
5. Defining and naming themes to capture the essence of each theme.

Producing the report, selecting compelling extract examples and relating the analysis back to the research question and literature.

Ethical Considerations



This study adhered to strict ethical guidelines as approved by [Insert name of Ethics Committee]. Informed consent was obtained from all participants, and their anonymity and confidentiality were ensured throughout the research process. Participants were informed of their right to withdraw from the study at any time without consequence.

Limitations and Mitigation Strategies

The case study approach, while providing in-depth insights, has limitations in terms of generalizability. To mitigate this, we have provided detailed contextual information to allow readers to assess the transferability of findings to other settings. Additionally, researcher bias was addressed through reflexive journaling and peer debriefing sessions. RESULTS

RESULT

The analysis of data collected from interviews, observations, and document reviews regarding the performance of bumdes ciputri gemilang in cianjur regency revealed several key themes. These themes encompass governance and management practices, human resource capacity, financial management, community engagement, and external challenges. Each theme is explored in detail below, supported by evidence from the research.

Governance and Management Practices

The governance and management practices of BUMDes Ciputri Gemilang emerged as a critical factor influencing its performance. Our findings indicate a mixed picture of strengths and challenges in this area.

Transparency and Accountability

Transparency and accountability were identified as crucial elements for the success of BUMDes Ciputri Gemilang. However, the implementation of these principles was found to be inconsistent. As one village official stated:

"We strive for transparency in our operations, but sometimes there are gaps in our reporting processes that need improvement."

This sentiment aligns with broader research findings by Setyorini et al. (2023), who emphasized the importance of transparency and accountability in optimizing BUMDes performance.

Decision-Making Processes

The decision-making processes within BUMDes Ciputri Gemilang were observed to be largely centralized, with limited involvement from the broader community. A community member noted:

"We often feel that decisions are made without our input, even though these decisions affect our village economy."

This observation highlights a potential area for improvement in governance practices, as Aji et al. (2022) found that community participation is essential for ensuring that BUMDes operate efficiently and effectively.

Human Resource Capacity

The capacity of human resources emerged as a significant factor affecting BUMDes Ciputri Gemilang's performance, echoing findings from other studies in the region.

Skills and Competencies

Our research revealed a notable gap in skills and competencies among BUMDes staff. As the BUMDes manager explained:

"We have dedicated staff, but many lack specific skills in areas like financial management and business development. This affects our ability to grow and innovate."



This finding aligns with the research of Hermawan and Firdaus (2021), who identified the lack of capable and competent human resources as a common problem affecting BUMDes operations in Cianjur Regency.

Training and Development

The study found limited opportunities for training and development within BUMDes Ciputri Gemilang. A staff member shared:

"We rarely receive formal training. Most of what we learn is through on-the-job experience."

This lack of structured training programs may contribute to the skills gap identified earlier and aligns with broader findings by Masnila et al. (2021) on the need for targeted capacity-building initiatives in BUMDes.

Financial Management

Financial management practices were found to be a critical area affecting the performance of BUMDes Ciputri Gemilang.

Revenue Generation and Cost Management

The study revealed challenges in balancing revenue generation with cost management. Financial records showed that production costs often outweighed sales revenue, impacting profitability. The financial officer noted:

"We struggle to keep our costs down while trying to expand our services. It's a constant balancing act."

This challenge is consistent with findings from Sofyani et al. (2020), who identified financial management as a key factor influencing BUMDes performance across Indonesia.

Financial Reporting and Budgeting

Inadequacies in financial reporting and budgeting processes were observed. Document analysis revealed inconsistencies in record-keeping and a lack of comprehensive budgeting practices. A village council member commented:

"The financial reports are often delayed or incomplete, making it difficult for us to assess the true financial health of our BUMDes."

This observation aligns with the findings of Nuraeni and Suryadi (2022), who emphasized the importance of robust financial systems in BUMDes operations.

Community Engagement

The level and nature of community engagement emerged as a significant theme in our analysis of BUMDes Ciputri Gemilang's performance.

Awareness and Participation

The study found low levels of community awareness and participation in BUMDes activities. Many community members expressed limited knowledge about the role and operations of BUMDes Ciputri Gemilang. A local resident stated:

"I've heard of BUMDes, but I'm not sure what they do or how I can be involved."

This lack of awareness and engagement aligns with findings from Azhari and Mardiyono (2021), who emphasized the crucial role of social capital and community participation in determining BUMDes success.

Community Benefits

Despite low participation, there was evidence of some positive community impacts. A few successful initiatives, such as a village market project, were noted. A beneficiary of this project shared:

"The village market has given me a place to sell my produce. It's small, but it helps my family's income."

This positive impact, albeit limited, reflects the potential of BUMDes to contribute to local economic development, as noted by Aprillia et al. (2021) in their systematic review of BUMDes performance factors.

External Challenges

The performance of BUMDes Ciputri Gemilang was also influenced by various external factors.

Market Competition

The emergence of new competitors and changing consumer preferences posed significant challenges. The BUMDes manager explained:

"We face increasing competition from private businesses and online marketplaces. It's challenging to keep up with changing consumer demands."

This observation aligns with broader market dynamics affecting BUMDes across Indonesia, as noted in recent studies (Hermawan & Firdaus, 2021).

Policy Implementation

The study identified gaps in the effectiveness of government programs intended to support BUMDes. A local government official noted:

"There are policies in place to support BUMDes, but implementation at the village level is often challenging due to limited resources and understanding."

This finding echoes the observations of Winarsi et al. (2020), who highlighted the disconnect between policy intentions and on-the-ground realities in BUMDes operations.

In conclusion, the performance of BUMDes Ciputri Gemilang is influenced by a complex interplay of internal and external factors. While there are pockets of success and positive impact, significant challenges remain in areas of governance, human resource capacity, financial management, and community engagement. These findings provide a foundation for developing targeted strategies to enhance the performance and impact of BUMDes Ciputri Gemilang in Cianjur Regency.

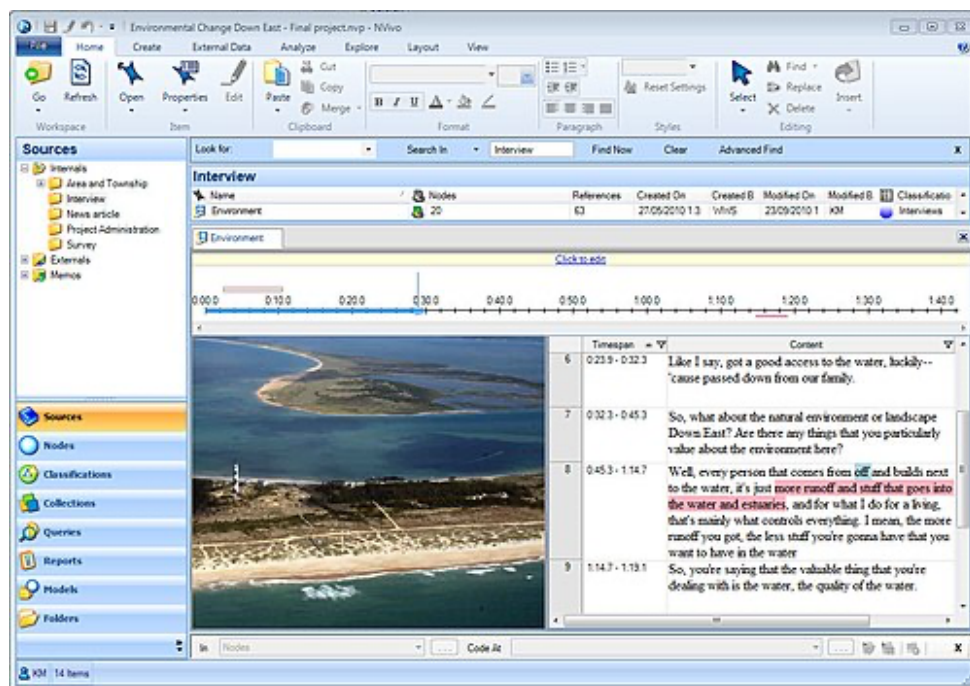


Figure 1. Example of qualitative data analysis using NVivo software, illustrating the coding process used in this study.

DISCUSSION

This study has examined the multifaceted factors influencing the performance of Village-Owned Enterprises (BUMDes) in Cianjur Regency, Indonesia, within the broader context of rural development. The findings reveal a complex interplay of internal and external factors that significantly impact the effectiveness and sustainability of BUMDes as instruments of rural economic empowerment. This discussion will integrate our findings with recent literature, highlighting key themes, challenges, and opportunities for enhancing BUMDes performance.

Governance and Accountability

One of the primary themes emerging from our study and recent literature is the critical importance of effective governance and accountability in BUMDes management. Our findings align with Setyorini et al. (2023), who emphasize the need for transparency, accountability, and sustainable management practices in optimizing BUMDes performance. However, the implementation of these principles remains a significant challenge, as highlighted by Aji et al. (2022), who found that many BUMDes struggle with consistent financial reporting and limited access to information about their developments.

The mismatch between government expectations and actual accountability practices within BUMDes, as identified in our research, suggests a need for better alignment and transparency. This aligns with broader studies that emphasize the importance of good governance principles, including transparency, accountability, and community participation, in ensuring that BUMDes operate efficiently and effectively, contributing to the welfare of the village community.

Human Resource Competency and Management

Our study identified human resource competency as a significant factor affecting BUMDes performance, particularly in Cianjur Regency. This finding is consistent with recent research by Hermawan & Firdaus (2021), who highlighted the lack of capable and competent human resources as a common problem affecting BUMDes operations. The challenge is further compounded by the findings of Masnila et al. (2021), who noted a potential gap between perceived and actual management capabilities among BUMDes managers. The need for targeted training and development programs is evident, as emphasized by Sari & Frinaldi (2020), who found that management competency significantly impacts BUMDes performance. This suggests that investing in human capital development should be a priority for improving BUMDes effectiveness and sustainability.

Financial Management and Economic Contributions

Effective financial management emerges as a critical factor for BUMDes sustainability in our study, echoing the findings of Sofyani et al. (2020), who identified challenges in financial reporting and budgeting skills among many BUMDes. The implementation of robust financial systems and targeted training in financial management are essential steps for improving BUMDes performance, as highlighted by Nuraeni & Suryadi (2022).

Despite these challenges, recent studies have shown that BUMDes can make significant economic contributions when managed effectively. Research indicates that BUMDes have been instrumental in creating jobs and driving regional economic growth, particularly in sectors like tourism



and trade. This aligns with the broader goals of rural development by fostering local economies and reducing poverty.

Social Capital and Community Engagement

Our findings on the importance of social capital and community engagement in BUMDes success are supported by recent literature. Azhari & Mardiyono (2021) emphasized the crucial role of social capital and local assets in determining the success of BUMDes in Cianjur Regency. This is further corroborated by Agunggunanto et al. (2016), who highlighted the essential nature of mutual support and active community participation for the smooth operation and sustainability of BUMDes.

The case study of BUMDes Amarta, where education was not prioritized as a dominant factor for success, suggests that other factors such as local engagement and resource utilization play a more critical role in BUMDes success. This underscores the importance of tailoring BUMDes strategies to local contexts and leveraging community strengths.

Innovation and Adaptability

Our research underscores the significant impact of open innovation on both the social and financial performance of BUMDes, aligning with the findings of Yulianto et al. (2021). The concept of "Smart BUMDes," which leverages technology to enhance operational capabilities and service delivery, represents a promising direction for future development, as noted by Mulyono & Ramdani (2020).

The case of Koronua Village in Konawe during the COVID-19 pandemic illustrates the importance of adaptability in BUMDes success. By developing strategies tailored to their specific context rather than merely imitating other successful models, this BUMDes demonstrated the value of innovation and local adaptation in overcoming challenges.

Policy Implementation and Government Support

The effectiveness of BUMDes is closely linked to the policies that govern them and how well these policies are implemented. Our study indicates that well-implemented policies can significantly enhance the management and sustainability of BUMDes, a finding supported by Winarsi et al. (2020). However, challenges in policy comprehension and implementation at the village level suggest the need for improved communication and support mechanisms. The Indonesian government's National Medium-Term Development Plan (2020–2024) recognizes rural development as a crucial component, with BUMDes playing a significant role in this strategy. This policy support provides an opportunity for enhancing BUMDes performance through targeted interventions and resource allocation.

Recommendations

Based on the integrated findings from our study and recent literature, we propose the following recommendations to enhance BUMDes performance in Cianjur Regency and similar contexts:

1. Implement comprehensive capacity-building programs focusing on governance, financial management, and innovation to address the identified skill gaps among BUMDes management and staff.



2. Develop and implement clear policies and guidelines at the local government level to support BUMDes operations, ensuring alignment with national development goals and local community needs.
3. Foster stronger partnerships between BUMDes, local governments, educational institutions, and the private sector to enhance knowledge transfer, resource sharing, and market access.
4. Encourage the adoption of technology and innovative practices to improve operational efficiency and expand the range of services offered by BUMDes.
5. Strengthen community engagement mechanisms to ensure BUMDes activities remain aligned with local needs and aspirations, fostering a sense of ownership among community members.
6. Establish regular monitoring and evaluation systems to track BUMDes performance, identify best practices, and address challenges promptly.
7. Promote business diversification and risk management strategies to enhance the resilience and sustainability of BUMDes in the face of changing market conditions.

CONCLUSION

This discussion has integrated our findings with recent literature to provide a comprehensive understanding of the factors influencing BUMDes performance in Cianjur Regency and beyond. The complex interplay of governance, human resources, financial management, community engagement, innovation, and policy support underscores the need for a holistic approach to BUMDes development.

By addressing the identified challenges and leveraging opportunities for innovation and collaboration, BUMDes can play an increasingly significant role in fostering sustainable rural development and improving the welfare of rural communities. The success stories and lessons learned from various BUMDes implementations across Indonesia provide valuable insights for policymakers, practitioners, and researchers in developing targeted strategies to enhance the effectiveness of these crucial rural development instruments.

Future research should focus on longitudinal studies to assess the long-term impact of specific interventions, comparative analyses across different regions, and in-depth exploration of the role of digital technologies in enhancing BUMDes operations. Additionally, investigating the potential for BUMDes to contribute to sustainable development goals, particularly in areas such as environmental conservation and social equity, could provide valuable insights for future policy and practice.

LIMITATION

While this study provides valuable insights into the performance of BUMDes Ciputri Gemilang, it is important to acknowledge several limitations that may have influenced our findings and conclusions. By recognizing these limitations, we aim to provide a transparent assessment of our research and identify opportunities for future studies.

Methodological Constraints

Case Study Approach

The single case study approach, focusing solely on BUMDes Ciputri Gemilang, limits the generalizability of our findings to other BUMDes in different contexts. While this approach allowed



for an in-depth exploration of the specific challenges and successes of this enterprise, it may not capture the full range of experiences across diverse BUMDes in Indonesia. This limitation is common in qualitative research, as noted by Yin (2018), who emphasizes that case studies provide depth but may lack breadth in their applicability.

Data Collection Timeframe

Our data collection was limited to a specific timeframe, which may not fully capture long-term trends or seasonal variations in BUMDes performance. Longitudinal studies, as suggested by Creswell and Poth (2018), could provide a more comprehensive understanding of BUMDes development over time. This limitation is particularly relevant in the context of rural development, where changes may occur gradually and require extended observation periods.

Internal Factors

Financial Management Challenges

The study revealed high production costs relative to sales revenue, impacting the profitability of BUMDes Ciputri Gemilang. This limitation in financial management reflects a common challenge faced by many BUMDes across Indonesia. Sriyono et al. (2023) identified similar financial management issues in their study of BUMDes governance, highlighting the need for improved financial literacy and management practices among BUMDes leaders.

Human Resource Capacity

The limited human resource capacity noted in BUMDes Ciputri Gemilang aligns with findings from other BUMDes studies. Hermawan and Firdaus (2021) found that many BUMDes struggle with a lack of capable and competent human resources, affecting their ability to manage finances and operations effectively. This constraint affects the enterprise's ability to implement effective management practices and expand operations.

External Factors

Market Competition

The emergence of new competitors and changes in consumer preferences posed significant challenges to BUMDes Ciputri Gemilang. While this reflects real-world market dynamics, our study may not have fully captured the complexity of these external factors. Aprillia et al. (2021) noted similar challenges in their systematic literature review of BUMDes performance factors, emphasizing the need for BUMDes to adapt to changing market conditions.

Policy Implementation

The study identified gaps in the effectiveness of government programs intended to support BUMDes. This limitation in policy implementation is consistent with broader challenges faced by BUMDes across Indonesia. Winarsi et al. (2020) highlighted the disconnect between policy intentions and on-the-ground realities in their study of BUMDes legal frameworks, suggesting the need for more effective policy implementation strategies.

Community Engagement

Low Community Participation

The low level of community participation in BUMDes activities, partly due to limited awareness, represents a significant limitation. This challenge aligns with findings from other BUMDes studies and highlights the need for more effective community engagement strategies. Aji et al. (2022) emphasized the importance of community participation in strengthening BUMDes governance and performance, particularly during challenging times such as the COVID-19 pandemic.

Impact Assessment

Limited Economic Impact Measurement

While the study identified limitations in BUMDes Ciputri Gemilang's contribution to village income and job creation, our assessment of economic impact may not have captured all indirect or long-



term effects. Sofyani et al. (2020) noted similar challenges in measuring the financial performance of BUMDes, suggesting the need for more comprehensive economic impact assessment tools.

Future Research Directions

These limitations present several opportunities for future research:

1. Conduct comparative studies across multiple BUMDes to enhance generalizability and identify best practices.
2. Implement longitudinal studies to track BUMDes performance and community impact over extended periods.
3. Investigate innovative financial management and capacity-building strategies tailored to the BUMDes context.
4. Explore the development and implementation of standardized operating procedures and integrated information systems for BUMDes (Nuraeni & Suryadi, 2022).
5. Examine the role of local leadership in BUMDes success and develop targeted leadership development programs (Sari & Frinaldi, 2020).
6. Analyze the effectiveness of different community engagement strategies in enhancing BUMDes performance and local economic development.

By acknowledging these limitations and proposing future research directions, we aim to contribute to the ongoing academic discourse on BUMDes and rural development in Indonesia. These insights can inform policy-making and practice, ultimately enhancing the effectiveness of BUMDes as instruments of rural economic empowerment.

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