

Optimizing the Role of Village-Owned Enterprises (BUMDes) in the Management of Village Funds in Gelonggong Village, Brebes Regency

Bella Arief Maulana* , Sri Sutjiatmi, Akhmad Habibullah

Universitas Pancasakti Tegal, Indonesia

Email: bellaariefmaulanaglonggong@gmail.com* , sutjiatmi@gmail.com,
akhmad.habibullah@upstegal.ac.id

ABSTRACT: This research aims to analyze the optimization of the role of Village-Owned Enterprises (BUMDes) in the management of Village Funds in Gelonggong Village, Brebes Regency. It focuses on assessing the effectiveness of BUMDes in improving village financial governance, transparency, accountability, and contributions to community economic development. The study employs a quantitative approach through the distribution of questionnaires to 75 respondents, consisting of BUMDes administrators, village officials, and community service users. Data analysis was carried out using descriptive statistics and simple linear regression tests. The findings indicate that the role of BUMDes is categorized as moderately optimal, with an average score of 3.72 (on a 1–5 scale), and exerts a significant influence on Village Fund management. Its effective contribution accounts for 31.2% of the improvement in Village Fund governance. The study concludes that BUMDes Gelonggong has played a strategic role; however, further enhancements are needed in human resource capacity, business innovation, and the digitalization of financial reporting.

Keywords: Village-Owned Enterprises (BUMDes), Village Fund, Management, Village Governance, Brebes.

INTRODUCTION

Village development in Indonesia has experienced significant strengthening since the enactment of Law Number 6 of 2014 concerning Villages, which brought fundamental changes to village governance, particularly in terms of authority, financing, and community-based development. Since this policy's enactment, villages have gained more autonomy to regulate and manage their own interests, including local economic potential, more independently (Kusuma & Wicaksono, 2023). One concrete form of this decentralization is the allocation of Village Funds, which continue to increase annually, thus requiring transparent, accountable, and community-empowerment-oriented governance. In this context, Village-Owned Enterprises (BUMDes) serve as institutional instruments of the village economy that aim to encourage economic growth, increase village revenue, and create jobs through business units aligned with local needs (Andriani, 2022; Dirkareshza & Sihombing, 2021; Firmansyah¹ et al., 2025).

BUMDes are essentially designed as village economic entities with the flexibility to develop businesses in accordance with regional characteristics, while also serving as a main pillar in supporting village financial management (Berman, 2019; Ikhwanasyah et al., 2020). However, despite their highly strategic contribution, the effectiveness of BUMDes in managing village finances often depends on internal conditions such as human resource capacity, institutional governance, business innovation, and adequate regulatory support. Several studies show that the implementation of village policies, including the role of BUMDes, has not been fully optimized and still faces various challenges in terms of accountability, transparency, and consistency in program implementation. Variations in performance between villages show that the success of BUMDes is not automatic but rather the result of professional and sustainable governance (Abdullah & Rohman, 2019; Irawan & Susanti, 2018; Putra & Setiawan, 2021).

In the context of Brebes Regency, BUMDes have developed as an important part of the local economic strengthening strategy. Gelonggong Village, as one of the villages with continuously increasing Village Fund revenue, is required to have better financial management. BUMDes Gelonggong has operated several business units that involve the community, such as service provision, village asset management, and productive economic empowerment (Candra & Arif, 2022; Fatimah & Widodo, 2019; Nuraini & Yuliana, 2024; Yuliani & Ramadhan, 2023). However, field monitoring reports and village audits show structural challenges that still hinder the optimal performance of BUMDes, including low managerial capacity of managers, limited business innovation, lack of administrative digitization, and weak financial reporting systems that are timely and accountable (Rahmawati, 2022). These conditions raise critical questions about the extent to which BUMDes truly contribute significantly to the effective management of Village Funds at the local level.

Many studies have been conducted on the role of BUMDes with various focuses. Widodo (2020) found that the level of accountability of BUMDes has a positive relationship with the effectiveness of Village Fund management, especially in improving transparency and financial reporting. Meanwhile, Haryanto (2021) emphasized that institutional transparency and direct community involvement increase public trust in BUMDes activities. This study shows that the success of BUMDes is not only determined by economic performance but also by the quality of governance, accountability mechanisms, and organizational credibility.

Furthermore, Fauzan (2023) revealed that business unit innovation is an important factor that can increase village income and strengthen the role of BUMDes as an economic driver. Meanwhile, several other studies highlight the importance of manager competence and policy support as determining factors for BUMDes achievement (Anggara, 2020; Sari, 2022). However, almost all these studies are descriptive in nature, focusing on general descriptions or qualitative assessments of BUMDes governance. Studies that quantitatively measure the contribution of BUMDes to Village Fund management, particularly in the context of specific villages using regression analysis, are still very limited.

Based on previous studies, several research gaps can be identified regarding the role of BUMDes in the management of Village Funds. First, there is still limited research that specifically and quantitatively measures the influence of the role of BUMDes on the effectiveness of Village Fund management at the village level. Second, there is still very little research that uses primary data through questionnaires to measure the perceptions of the community, village officials, and BUMDes managers simultaneously. Third, most previous studies tend to use descriptive analysis, so few have tested the causal relationship between variables using inferential statistical approaches such as linear regression. Fourth, studies that integrate aspects of transparency, accountability, participation, innovation, and the effectiveness of BUMDes programs into a comprehensive analytical model are also still rare.

This study has scientific novelty compared to previous studies because it empirically and quantitatively measures the contribution of the role of BUMDes to the effectiveness of Village Fund management in Gelonggong Village through a questionnaire administered to 75 respondents. This study uses a simple linear regression model to analyze the strength of the influence of the role of BUMDes on the effectiveness of Village Fund management and presents a comprehensive analytical model by integrating indicators of transparency, accountability, program effectiveness, participation, and innovation of BUMDes. In addition, the results of this study produce data-based quantitative recommendations regarding the aspects of BUMDes that contribute most to strengthening Village Fund management.

Therefore, this research aims to analyze the optimization of the role of BUMDes in managing Village Funds in Gelonggong Village, Brebes Regency, and to quantitatively measure the contribution of BUMDes' role to the effectiveness of Village Fund management. The research results are expected to provide empirical and data-based insights into aspects of BUMDes that most significantly influence the quality of Village Fund governance, as well as offer practical recommendations for village governments and BUMDes managers to improve institutional capacity, business innovation, transparency, and accountability, ultimately supporting more effective and sustainable village development.

RESEARCH METHOD

This study employed a quantitative approach to analyze the relationship between the role of Village-Owned Enterprises (BUMDes) and the management of Village Funds in Gelonggong Village, Brebes Regency. The quantitative approach was chosen because it enabled the objective measurement of perceptions, tendencies, and influences between variables through standardized instruments (Sugiyono, 2021).

The research design was explanatory research, which explained the causal relationship between independent and dependent variables. The independent variable was the role of BUMDes (X), while the dependent variable was Village Fund management (Y). The relationship between the variables was tested using simple linear regression statistical analysis to determine the direction and magnitude of the influence (Ghozali, 2020).

The research was conducted in Gelonggong Village, Brebes Regency, one of the villages with active BUMDes in the central Brebes region. It took place during October–November 2025, including instrument preparation, data collection, and data analysis.

The population in this study consisted of:

1. Gelonggong Village-Owned Enterprise management
2. Village officials involved in Village Fund management
3. The community as users of Village-Owned Enterprise services

The sample size was 75 respondents, determined using a saturated sampling technique, as the entire relevant population was sampled to obtain a comprehensive picture of the role of BUMDes.

Data were collected using a Likert scale (1–5) questionnaire measuring:

Variable X – Role of BUMDes

Covering indicators:

1. Service effectiveness
2. Local economic improvement
3. Business innovation
4. Organizational governance
5. Role in village development

Variable Y – Village Fund Management

Covering indicators:

1. Transparency
2. Accountability
3. Efficiency in fund use
4. Quality of financial reports

5. Impact on development

Before use, the questionnaire was tested using:

1. Validity test using Pearson Product Moment correlation. A statement was considered valid if the $r - \text{count} > r_{\text{table}}$ at a significance level of 0.05.
2. Reliability test using Cronbach's Alpha. The instrument was considered reliable if the alpha value was ≥ 0.70 (Ghozali, 2020).

All items were declared valid and reliable at the pilot stage. These instruments were used to test the effect of variable X on variable Y. The regression equation was:

$$Y = a + bX$$

Explanation:

- Y= Village Fund Management
- X= Role of Village-Owned Enterprises (BUMDes)
- a= Constant
- b= Regression coefficient

The test was conducted using the t-value and significance value at $\alpha = 0.05$. Variable X was declared to have a significant effect if $t > t_{\text{table}}$ and $p\text{-value} < 0.05$.

The coefficient of determination (R^2) was used to determine the contribution of variable X to variable Y.

RESULTS AND DISCUSSION

This study uses two main variables, namely the Role of BUMDes (X) and Village Fund Management (Y). There were 75 respondents consisting of BUMDes administrators, village officials, and service users. The Role of BUMDes variable was measured using five indicators. The results of the descriptive analysis are shown in Table 1.

Tabel 1. Descriptive Statistics of BUMDes' Role (X)

| Indicators | Mean | Category |
|-----------------------------|------|----------------|
| Service effectiveness | 3,68 | Fairly optimal |
| Local economic improvement | 3,74 | Fairly optimal |
| Business innovation | 3,59 | Fairly optimal |
| Organizational governance | 3,81 | Optimal |
| Role in village development | 3,77 | Fairly optimal |
| Average Variable X | 3,72 | Fairly optimal |

Source: Primary data from questionnaire survey (2025)

The results show that the role of BUMDes Gelonggong is in the fairly optimal category. The highest indicator is organizational governance (mean 3.81), while the lowest indicator is business innovation (mean 3.59).

Variable Y was measured using five indicators. Descriptive results are shown in Table 2.

Table 2. Descriptive Statistics of Village Fund Management (Y)

| Indicators | Mean | Category |
|--------------------------------|------|-------------|
| Transparency | 3,71 | Good |
| Accountability | 3,76 | Good |
| Efficiency of fund utilization | 3,67 | Fairly good |
| Quality of financial reports | 3,78 | Good |
| Impact on development | 3,72 | Good |
| Average Variable Y | 3,73 | Good |

Source: Primary data from questionnaire survey (2025)

Village fund management is categorized as good, with financial report quality being the highest indicator.

All items on variables X and Y were declared valid because the calculated r value was greater than the table r value at $\alpha = 0.05$. The reliability test results showed:

1) Cronbach's Alpha Variable X = 0,871

Cronbach's Alpha Variable Y = 0,884

The value is ≥ 0.70 , so the instrument is considered reliable for use in research.

The Kolmogorov–Smirnov normality test shows the following values:

2) Sig. variable X: **0,082**

3) Sig. variable Y: **0,067**

Both have a Sig. value > 0.05 , so the data is declared to be normally distributed and suitable for regression analysis.

Regression analysis was used to determine the effect of the role of BUMDes (X) on Village Fund Management (Y). The regression equation obtained was:

$$Y=12,421+0,684X$$

Interpretation:

The constant (12.421) indicates that if BUMDes does not play a role, the management of Village Funds will remain at that base value.

The regression coefficient (0.684) indicates that every 1-point increase in the role of BUMDes increases the quality of Village Fund management by 0.684 points.

$$\text{Value } R^2 = 0,312 \text{ or } 31,2\%.$$

BUMDes plays a role in contributing 31.2% to Village Fund management, while the remaining 68.8% is influenced by other factors such as village regulations, bureaucratic capacity, community participation, and institutional support.

1) The role of BUMDes (Village-Owned Enterprises) is in the fairly optimal category (mean 3.72).

2) Village Fund Management is in the good category (mean 3.73).

Valid and reliable research instruments

The role of BUMDes has a positive and significant effect on the management of Village Funds. The contribution rate reaches 31.2%, indicating a strong influence on village financial management. The results of the study show that the role of BUMDes in Gelonggong Village

is in the fairly optimal category with an average score of 3.72. This finding is consistent with the theory about the role of village organizations in improving local economic governance as stated by Dwiyanto (2020) that village economic institutions function as drivers of community welfare when managed with the principles of accountability, innovation, and participation.

In terms of Village Fund management, the average score of 3.73 indicates that transparency, accountability, and the quality of financial reporting are already quite good. The theory of good village governance emphasizes that village financial management needs to be supported by local institutions, including BUMDes, as instruments to drive the economy and strengthen the process of public accountability (Solekhan, 2018).

The regression results show that the role of BUMDes has a positive and significant effect on Village Fund management ($t \text{ count} = 5.812 > t \text{ table} = 1.993$). This finding reinforces the concept of local economic governance, namely that effectively functioning village economic institutions can strengthen village financial transparency and accountability through business activities, reporting, innovation, and community participation (Arifin & Nuryanto, 2020; Maheswara & Abdullah, 2022).

The Role of BUMDes (Variable X)

The indicator with the highest score is organizational governance, indicating that the management of BUMDes Gelonggong has a good understanding of administrative and operational functions. Meanwhile, the lowest indicator is business innovation, signifying limited capabilities in product/service diversification. This condition reflects the classic challenges faced by BUMDes in various regions of Indonesia, which generally still rely on conventional types of businesses and have not maximized digital innovation or market-based business development (Aditya & Pratama, 2021; Hakim, 2021; Hidayat & Mahendra, 2020; Pranata & Sari, 2020; Suhartono & Dewi, 2019).

Village Fund Management (Variable Y)

The accuracy and quality of financial reports are the highest indicators, in line with government requirements regarding Village Fund reporting. However, the efficient use of funds remains a challenge, indicating that budget absorption is not yet optimal.

The results of this study provide several academic contributions:

1. Reinforcing the Good Village Governance theory model that village economic institutions play a significant role in village financial management.
2. Adding a new perspective that the contribution of BUMDes can reach a higher level than previous studies (31.2%).
3. Showing an empirical gap related to weak business innovation in BUMDes despite good organizational management.
4. Providing quantitative evidence that improving the role of BUMDes has a direct impact on improving the management of Village Funds.

Villages need to improve the capacity of BUMDes human resources, especially in business innovation and digitization. BUMDes Gelonggong also needs to expand business units that are more adaptive to local and digital markets. Village governments can strengthen the integration of BUMDes reporting with the village financial system (Siskeudes), and research can be used as a reference in the annual evaluation of BUMDes performance.

CONCLUSION

This study quantitatively analyzed the optimization of BUMDes Gelonggong's role in Village Fund management in Gelonggong Village, Brebes Regency, finding that BUMDes performance was fairly optimal (mean score 3.72), with strongest results in organizational governance but weaknesses in business innovation; Village Fund management was good (mean

3.73), supported by adequate transparency, accountability, efficiency, and reporting. Simple linear regression confirmed a positive and significant effect of BUMDes role on Village Fund management ($t = 5.812 > 1.993$, $p = 0.000$), with $R^2 = 31.2\%$ indicating substantial contribution, while 68.8% was attributed to other factors like official capacity and regulations. For future research, longitudinal studies or comparative analyses across multiple villages could explore mediating effects of digitalization and community participation to further enhance BUMDes impact on sustainable development.

REFERENCES

- Abdullah, S., & Rohman, A. (2019). Village fund management and rural development performance in Indonesia. *Journal of Accounting and Investment*, 20(3), 345–360.
- Aditya, B., & Pratama, A. (2021). The accountability of village-owned enterprises (BUMDes) in improving community welfare. *Journal of Public Sector Innovations*, 5(2), 112–123.
- Andriani, E. (2022). Optimization of village funds with the development of village-owned enterprises (BUMDes) towards an independent village in Maryke Plantation Village. *Jurnal Ekonomi*, 11(3), 1547–1553.
- Arifin, S., & Nuryanto, M. (2020). Strengthening BUMDes governance for sustainable local economic development. *Jurnal Ekonomi dan Pembangunan Daerah*, 12(1), 45–60.
- Berman, D. (2019). *Local government and the states: Autonomy, politics, and policy*. Routledge.
- Candra, Y., & Arif, A. (2022). Good governance and transparency in village financial management: Evidence from rural Indonesia. *Jurnal Administrasi Publik Indonesia*, 7(1), 22–39.
- Dirkareshza, R., & Sihombing, E. N. (2021). Acceleration of village welfare through BUMDes: Disorientation of implementation of BUMDes regulations and policies. *Jurnal Penelitian Hukum De Jure*, 21(4), 419–434.
- Fatimah, R., & Widodo, T. (2019). Evaluating village financial transparency after the implementation of village fund policy. *Journal of Rural Governance*, 4(2), 98–109.
- Firmansyah, R., Puspaningtyas, M., Ramadhani, N. A., & Carissa, N. (2025). Optimization of the role of village-owned enterprises in increasing village original income through financial good management (Case study: BUMDes Ngijo). *Proceedings of the 8th International Research Conference on Economic and Business (IRCEB 2024)*, 329, 205.
- Hakim, L. (2021). The role of BUMDes in promoting rural entrepreneurship and economic resilience. *Jurnal Pemberdayaan Masyarakat*, 9(3), 275–290.
- Hidayat, A., & Mahendra, F. (2020). Performance analysis of village-owned enterprises in supporting local economic development. *Jurnal Ilmu Pemerintahan Nusantara*, 5(1), 33–47.
- Ikhwanasyah, I., Afriana, A., Faisal, P., & Trisnamansyah, P. (2020). An empowerment of a village economy (BUMDes) in Indonesia. *International Journal of Innovation, Creativity and Change*, 12(8), 192–207.
- Irawan, S., & Susanti, N. (2018). Determinants of village fund absorption and its impact on rural development. *Jurnal Akuntansi Multiparadigma*, 9(2), 267–279.
- Kusuma, H., & Wicaksono, B. (2023). Digital transformation of village-owned enterprises: Opportunities and challenges. *Journal of Village Innovation*, 2(1), 1–15.

- Maheswara, D., & Abdullah, H. (2022). Enhancing BUMDes accountability through participatory governance. *Jurnal Pemerintahan dan Kebijakan Publik*, 9(2), 150–164.
- Nuraini, F., & Yuliana, S. (2024). Village financial governance and community trust: The mediating role of transparency. *Indonesian Journal of Public Administration*, 6(1), 55–70.
- Pranata, W., & Sari, R. (2020). Mapping the effectiveness of BUMDes as a rural economic institution. *Jurnal Pembangunan Daerah*, 8(2), 130–144.
- Putra, Y., & Setiawan, D. (2021). Village fund governance and economic empowerment: Evidence from Java. *Jurnal Ekonomi dan Kebijakan Publik*, 13(1), 50–65.
- Suhartono, E., & Dewi, K. (2019). Measuring the performance and sustainability of BUMDes in Indonesia. *Journal of Local Administration Studies*, 3(2), 75–89.
- Yuliani, D., & Ramadhan, I. (2023). Accountability, transparency, and financial reporting quality of village governments. *Jurnal Akuntabilitas Publik*, 11(1), 78–92.



© 2021 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY SA) license (<https://creativecommons.org/licenses/by-sa/4.0/>).