

Research Article

Strategies to Strengthen BUMDES Governance in Increasing Village Economic Independence Through Participatory Management Principles Case Study in Lembata Regency

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Abstract: Strengthening the governance of Village-Owned Enterprises (BUMDes) is a strategic step in realizing village economic independence, but its implementation in various regions still faces challenges such as weak management capacity, lack of transparency, low community economic literacy, and dominance of top-down decision-making models. These problems can also be seen in the context of Lembata Regency which shows the gap between the ideals of participatory governance and the reality of its implementation in the field. This study aims to analyze strategies to strengthen the governance of BUMDes through the application of participatory management principles in order to increase village economic independence. The research method uses a qualitative approach with a case study design, through data collection techniques in the form of in-depth interviews, observations, and analysis of institutional documents. The results of the study show that efforts to strengthen the governance of BUMDes can be effective if supported by clear internal regulations, increasing the capacity of human resources, an open transparency mechanism, expanding community participation space, and the development of local potential-based business units. Meanwhile, the main obstacles lie in the hierarchical culture, limited human resources, and weak public reporting system. This study emphasizes that the strategy of strengthening participatory management-based governance is an important foundation for the realization of inclusive, accountable, and sustainable village economic institutions.

Keywords: BUMDes, Governance, Lembata Regency, Participatory Management, Village Economic Independence.

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1. Introduction

Village development in Indonesia is a strategic priority in an effort to realize economic equity, including strengthening the capacity of communities to be able to manage their own resources in a sustainable manner. In this context, the presence of Village-Owned Enterprises (BUMDes) plays an important role as an economic institution designed to improve the welfare of village communities through business activities based on local potential, innovation, and strengthening institutional structures. BUMDes is not only a representation of economic decentralization, but also a symbol of the government's efforts to encourage socio-economic transformation based on empowerment and citizen participation. The development of BUMDes further emphasizes that villages are no longer just development objects, but main actors who are able to design, manage, and evaluate economic development models independently according to their local needs and characteristics. Therefore, good governance

is an absolute prerequisite for the success of BUMDes in order to carry out economic, social, and empowerment functions in a balanced manner.

The process of strengthening the village economy through BUMDes cannot be separated from the social, cultural, and managerial dynamics of the village community which are very diverse. Different villages in Indonesia show different levels of success, depending on the organization's internal ability to implement transparent, accountable, responsive, and inclusive governance. These challenges require the presence of a management model that is not only administrative, but also able to accommodate the value of togetherness, deliberation, and collaboration between village officials, BUMDes administrators, and the community as the owner of the greatest legitimacy. The principle of participatory management becomes relevant in this context because it opens up space for the community to be actively involved in the process of planning, implementing, and evaluating programs. Structured and meaningful participation will encourage a sense of belonging, strengthen social legitimacy, and increase the effectiveness of BUMDes governance so that it can function as a motor for village economic independence.

Although BUMDes have grown rapidly since village regulations provide a wider space of autonomy, the phenomenon on the ground shows that most BUMDes still face various fundamental problems in governance, such as weak managerial capacity, low community participation, lack of accountability of financial statements, and business mismatches with local potential. Many BUMDes are also trapped in an elitist and non-inclusive management pattern, where only a handful of dominant actors determine the direction of policy without a deliberative process involving citizens at large. This condition causes the emergence of public distrust, lack of support for BUMDes business units, and low sustainability of the programs carried out. At a broader level, various reports show that some BUMDes have not been able to make a significant contribution to increasing the original income of villages due to transparency barriers, weak supervision, and lack of business innovation relevant to market needs. This phenomenon emphasizes the urgency of implementing participatory management as one of the strategic approaches to improve the governance of BUMDes and ensure business sustainability that has a direct impact on village economic independence.

Participatory management is an approach that places the community as a central actor in the decision-making, planning, implementation, and evaluation process of development programs. In the perspective of community-based development (*Community-based development*), structured participation is the key to the formation of village institutions that are adaptive, transparent, and responsive to the aspirations of residents. This concept is in line with the principles *Good Village Governance*, which emphasizes the elements of transparency, accountability, participation, and social justice as the foundation for the management of village institutions, including BUMDes. The realization of good governance requires a mutual communication mechanism between managers and the community, the preparation of transparent financial reports, community-based supervision, and community involvement from the stage of problem identification to evaluation of results. With the application of these principles, BUMDes can grow as a credible, innovative, and fully supported economic institution by the community.

The theory of village economic independence emphasizes the importance of strengthening local capacity building as the foundation of sustainable development.

Independence is not only measured by the village's ability to reduce dependence on external funding, but also by the community's ability to manage assets, potentials, and economic opportunities productively. In this context, BUMDes has a strategic position as an institution that provides space for the development of businesses based on local potential and the creation of economic added value. However, this success is impossible without the support of participatory governance that allows the community to be involved, provide input, and ensure that every business decision has social legitimacy. Therefore, the combination of BUMDes governance and participatory management is an ideal framework that not only strengthens institutions, but also ensures that village economic development runs in an inclusive, fair, and sustainable manner.

Based on the initial observations of researchers in Lembata Regency, it was found that some BUMDes still face challenges in implementing participatory and transparent governance. Although some business units have been running, a number of BUMDes administrators in the region admit that community participation in planning deliberations, program preparation, and activity evaluation is still low and tends to be dominated by village officials or core administrators. This has an impact on the lack of community ownership of BUMDes business units, the low level of citizen participation in village economic activities, and the limited business innovation that suits local needs and potential. In some cases, the preparation of financial statements has also not been prepared in an accountable manner and is not always socialized to citizens, thus causing a perception of lack of transparency. This condition shows that strengthening participatory management-based governance is an urgent need to increase the effectiveness of BUMDes in encouraging village economic independence in Lembata Regency.

This research aims to analyze in depth the strategy of strengthening BUMDes governance in increasing village economic independence through the application of participatory management principles in Lembata Regency. In particular, this research is directed to identify forms of community participation in the planning and management process of BUMDes, explore factors that hinder and support the implementation of participatory governance, and formulate institutional strengthening strategies that are able to increase transparency, accountability, collaboration, and innovation of BUMDes businesses in a sustainable manner. Through this study, it is hoped that a strategic model can be formulated that is applicable and relevant to the local context of Lembata Regency so that BUMDes can function optimally as an important pillar in driving village economic independence.

2. Literature Review

BUMDes Governance and Village Economic Independence

The governance of Village-Owned Enterprises (BUMDes) plays a strategic role in strengthening village economic independence because BUMDes functions as a collective economic institution that manages local resources in an organized and sustainable manner. The literature emphasizes that effective governance is characterized by transparency, accountability, professionalism, and long-term business orientation, all of which influence public trust in village institutions. Well-governed BUMDes entities with clear administrative systems, structured business planning, and strong monitoring mechanisms tend to contribute

significantly to village-generated revenue and local employment creation. In rural development discourse, BUMDes is not merely viewed as an economic unit, but as a social empowerment instrument that enhances community capacity in managing local assets independently. Strengthening governance structures is therefore essential to transforming village economies from dependency-based models toward resilient, locally driven economic systems.

Participatory Management Principles in Village Economic Administration

Participatory management highlights the active involvement of community members in planning, implementing, and evaluating village economic initiatives, including the management of BUMDes. This approach is grounded in the principle that sustainable development can only occur when communities act as agents rather than passive beneficiaries of development programs. Academic discussions on participatory governance stress the importance of inclusive village forums, stakeholder collaboration, and transparent communication mechanisms in fostering collective ownership of village enterprises. High levels of participation increase policy legitimacy, strengthen social control over financial management, and encourage innovation rooted in local needs. Furthermore, participatory systems reduce the risk of program failure by aligning economic initiatives with community priorities. Consequently, participatory management serves as a critical foundation for reinforcing BUMDes governance and ensuring long-term village economic resilience.

3. Proposed Method

This research uses a qualitative approach with a case study design to understand in depth the dynamics of BUMDes governance and the implementation of participatory management principles in Lembata Regency (Scott, 2019). This approach was chosen because it allows researchers to explore the processes, experiences, and meanings built by local actors related to the management of BUMDes in the socio-cultural context of rural communities. The main data was collected through in-depth interviews with BUMDes administrators, village heads, village officials, community leaders, and community users of BUMDes services, thus providing a comprehensive picture of how community participation is built and implemented in institutional governance. The interviews were complemented by direct observation of BUMDes operational activities, village deliberations, and interactions between administrators and residents to capture participatory practices that occurred in the field (Scott, 2021). In addition, official documents such as financial statements, village deliberative minutes, village regulations, and institutional profiles of BUMDes are analyzed to strengthen the validity of the data and reveal the extent to which the principles of transparency and accountability have been applied in practice.

Data analysis was carried out through thematic analysis techniques (*Thematic Analysis*) which involves the process of data reduction, categorization, relationship patterns, and drawing research conclusions. Data obtained from interviews, observations, and documents were reduced to identify key themes related to governance strengthening strategies, patterns of community participation, and challenges in participatory management implementation. Furthermore, triangulation of sources and methods is carried out to ensure the reliability of the findings and minimize the subjective bias of the researcher. The validity of the findings was strengthened through member checking with key informants, discussions with experts,

and comparisons with relevant previous literature. The results of the analysis were then used to formulate a strategy to strengthen the governance of BUMDes that are contextual and applicative according to the characteristics of Lembata Regency. Thus, this research method not only provides a descriptive overview, but also produces an in-depth understanding that can be used as the basis for the formulation of a strategic model for institutional strengthening of BUMDes based on community participation.

4. Results and Discussion

Implementation of BUMDes Governance and Community Participation Patterns in Lembata Regency

The implementation of BUMDes governance in Lembata Regency shows complex and non-uniform dynamics, influenced by variations in institutional capacity, the quality of village leadership, and the social characteristics of the local community. In general, the structure of BUMDes has been arranged according to the provisions of the Permendesa, starting from the formation of business units, the preparation of AD/ART, to the determination of administrators through village deliberations. However, in practice, the effectiveness of governance is greatly influenced by how consistently the principles of transparency, accountability, participation, and responsiveness are applied by management. In a number of BUMDes, the process of preparing business plans is carried out through village deliberation forums, but community involvement is still a formality. As revealed by one of the informants, a community leader, that "Sometimes we are called for meetings, but actually all decisions have been prepared by the management. We only listened, not really being invited to make a plan." This quote shows that there is a difference in perception between administrators who feel that they have involved the community and residents who see that participation is still not substantial.

Several BUMDes administrators stated that they had tried to compile periodic reports and convey business developments to the village government. However, the delivery of information to the general public is often not carried out systematically and only through certain forums that are not followed by all citizens. The chairman of one of the BUMDes said: "We routinely make financial reports, but we have not displayed them at the village hall. We are afraid that we will read it wrong and it will become a problem." This statement indicates that information disclosure is still limited by internal concerns of the management regarding the capacity of public literacy. In fact, transparency is the key to building public trust and encouraging support for BUMDes businesses. In some other villages, financial reporting is only known to the village head and treasurer, while the community does not have adequate access. A resident said that "We only know that BUMDes exist, but about profit and loss, how much the business is, we never know." This low transparency is one of the main factors in the low sense of community belonging to BUMDes.

The pattern that emerges tends to be top-down even though formal planning is carried out through deliberation. The role of village elites or certain actors is still very dominant in determining the business direction of BUMDes, while the voice of the general public has not been optimally accommodated. Some BUMDes administrators admit that the deliberation process is often only a means for the delivery of decisions that have been determined. A village

official said: "It's not that we don't want to listen, but often people don't have an idea. So we decided for ourselves what was most possible." This statement shows the dynamics that community participation is often misinterpreted as unpreparedness, even though it may be that the community is not given enough room for deliberation. In the context of modern governance, participation is not only a matter of attendance or absence, but how the community is given the opportunity to understand problems, provide input, and have the power to influence decisions.

The managerial capacity of the management is an important factor in the effectiveness of governance. In some cases, BUMDes administrators do not have a strong understanding of business concepts, basic accounting principles, and marketing strategies. This has implications for the slow development of business units and difficulties in compiling accurate financial statements. One of the administrators said: "We are villagers, so not everyone understands administration. We need training, but it's not always there." Capacity constraints like this have a direct impact on the quality of governance, as the decisions taken are often not supported by adequate business analysis. It is not uncommon for business units to be formed without a clear business feasibility study, resulting in stagnation and even losses. In some villages, BUMDes businesses only run for six months to one year, before finally stopping due to lack of assistance and weak internal management.

However, there are also examples of the implementation of more progressive governance in several villages. In certain villages, BUMDes administrators show a strong commitment to increasing transparency, building community trust, and expanding participation space. One of the BUMDes administrators stated: "We always announce financial statements at the village hall every quarter. If there are residents who want to see it, we welcome it." Practices like this are an example that good governance can be achieved when administrators have awareness of the importance of public accountability. In addition, some villages have begun to utilize simple technology such as WhatsApp groups to convey business information, announce activities, and invite the community to provide input on program plans. Initiatives like this show how small innovations can expand access to information for citizens, especially the younger generation who are closer to technology.

The Lembata people show a diverse level of participation, influenced by their social, cultural, and experience factors with village institutions. In villages with a strong culture of deliberation, people tend to be present and give their opinions in village forums. However, the level of substantive participation is still limited by residents' ignorance of their role in BUMDes. One housewife said: "We want to talk, but sometimes we don't understand what is being discussed. So just listen." This shows that participation cannot be built just by inviting citizens to attend, but also requires public education about the functions of BUMDes and their benefits for common welfare. Without adequate understanding, society becomes only passive participants.

Another form of participation arises in the involvement of the community as a workforce or business partner. In some villages, the community is involved in BUMDes businesses such as clean water management, weaving groups, fish farming, and savings and loan businesses. However, this involvement is more operational than structural, so the community plays the role of a workforce but does not have access to the planning process. A resident who works in a food processing unit said: "We work when we are called upon, but

when it comes to plans or large meetings, we are rarely invited." This inequality emphasizes that community participation is still not understood as a common mechanism for making decisions, but is limited to involvement in technical activities.

Public trust in BUMDes is greatly influenced by the institution's track record. In villages that have experienced cases of mismanagement, people tend to be apathetic and even skeptical of new business programs. A resident in the village who has experienced losses from BUMDes said: "In the past, there was a livestock business, but in the end it was a loss, the money was not clear. Now if BUMDes want to open a new business, we don't really believe it." This phenomenon indicates that community participation is highly dependent on the integrity of the management and the transparency of activities. When accountability is low, participation will weaken. On the other hand, when the community feels the direct benefits of the business unit, the participation rate increases significantly.

The pattern of community participation is also influenced by local social and cultural relations. In some cases, the community is reluctant to criticize administrators who are considered older or have a certain social position in customs. A traditional leader explained: "Here, when the leader has spoken, the young people usually do not refute. That's our culture." This hierarchical culture has an impact on the quality of discussions in village deliberations, where the voices of the younger generation, women, and vulnerable groups are less heard. In fact, in the principle of participatory management, diversity of voices is an important component to produce inclusive and targeted decisions.

From the results of interviews with several administrators and village officials, it can be seen that most of them have understood the importance of community participation but have not been able to realize it systematically. A village secretary said: "We want the community to be more active, but there is no standard mechanism to accommodate their aspirations." This condition shows the need for the preparation of operational standards for BUMDes governance that include participatory mechanisms as part of internal policies. With standard procedures, the management will have clear guidelines on how to involve the community in each stage of business management [18], [19].

Overall, the implementation of BUMDes governance in Lembata Regency still faces structural and cultural challenges, but the room for improvement remains very open. Strengthening the capacity of administrators, increasing transparency, preparing participatory communication mechanisms, and educating the public about the role of BUMDes are important steps to build more responsive and inclusive governance. The interview findings also show that people actually have a desire to get involved, but need space, information, and trust to actively participate. Therefore, the implementation of participatory management is one of the most relevant approaches to improve governance and increase village economic independence in Lembata.

Factors Inhibiting and Supporting the Implementation of Participatory Management in BUMDes Governance

The implementation of participatory management in BUMDes governance is a complex process because it is influenced by the interaction of many internal and external factors that are interrelated. Within a theoretical framework, participatory management presupposes the involvement of the community in every stage of institutional management from planning, implementation, to program evaluation. However, the reality on the ground shows that

participatory mechanisms cannot necessarily work as expected, especially when governance has not been firmly established or communities do not have an adequate level of readiness to be actively involved. In the context of BUMDes, the effectiveness of implementing this approach is greatly influenced by the social, cultural, economic, institutional, and regulatory conditions that surround it. Therefore, to understand the dynamics of the implementation of participatory management, it is important to identify the inhibiting and supporting factors that actually shape the governance pattern of BUMDes in any region, including Lembata Regency.

The main problem lies in the managerial and administrative capacity of the BUMDes management. Many BUMDes administrators come from non-managerial backgrounds and learn to manage the institution self-taught. This limited capacity has an impact on several important aspects, such as administrative irregularities, difficulty in compiling financial statements accurately, low ability to conduct business feasibility analysis, and lack of understanding related to governance principles. Without adequate capacity, administrators find it difficult to implement two-way communication mechanisms with the community or to organize effective participatory forums. This limitation also often causes the management to rely more on internal decisions that are elitist, so that the village deliberation process does not run according to the principle of inclusive participation. In the end, community participation tends to be passive, simply attending activities without being involved in a substantial decision-making process.

1. Low level of transparency and accountability

Strong participation can only grow when the community has adequate access to information about BUMDes activities, both related to financial statements, business unit development, and program plans. But in many cases, the information has not been communicated openly and easily accessible. Financial statements are often only known to the core management and village officials, while the community does not get adequate explanations. Low transparency creates a distance between the management and the community, thereby reducing the sense of ownership of BUMDes and weakening the motivation of residents to get involved. When information is not open, it is difficult for the public to provide relevant input because they do not have a complete picture of the situation of BUMDes. In the context of participatory management, information shutdown is one of the biggest barriers in building collaboration between administrators and the community.

2. Hierarchical social culture of society

Social structures are still influenced by customary norms, respect for senior figures, and the tendency to follow the decisions of authoritative figures. This condition makes the community reluctant to express their opinions or criticisms, especially when dealing with village leaders or traditional leaders. Such a situation hinders the deliberative process that is the foundation of participatory management. Decisions are often dominated by a small group of village elites, while the voices of women, youth, or vulnerable groups are given less space. This pattern causes the village deliberation process to tend to be formalistic and does not reflect the true spirit of collective participation. Hierarchical culture also hinders the birth of innovation because people are not used to proposing new ideas or offering alternatives that are contrary to the opinion of the majority or village leaders.

The level of economic literacy and community organization is also an obstacle. Some residents do not understand the strategic role of BUMDes as a village economic institution that aims to improve common welfare. For some people, BUMDes is considered a matter for the village government alone, not as a public institution that needs collective support. This low understanding has an impact on the lack of active participation of residents in various activities such as the preparation of business plans, supervision, or performance assessments. The public tends to only be physically present in the deliberations, without understanding the substance of the discussion conveyed. The low level of economic literacy also hinders the community's ability to criticize financial statements or understand the risks and business opportunities run by BUMDes, making it difficult for substantive participation to be formed.

3. Weak internal regulations and assistance mechanisms

Many BUMDes do not yet have a clear SOP (Standard Operating Procedure) on how community participation must be involved in each stage of governance. Without explicit guidelines, administrators carry out tasks based on habitual practices that are often not in harmony with participatory principles. In addition, assistance from the local government is not always available on a regular or intensive basis, so the management does not have technical references in implementing good governance. This lack of assistance also makes the management not get access to capacity building such as business management training, accounting training, and training in the preparation of participatory programs. These structural limitations contribute to the stagnation of BUMDes in implementing a more modern and inclusive governance model.

Limited business capital and access to the market are also obstacles, although they are more economic than social. It is difficult for BUMDes with limited capital to develop business units that attract public interest to get involved. When the business of BUMDes is stagnant, the community loses the incentive to participate. The lack of product marketing also makes it difficult for business units to develop, so the management dwells more on small programs with limited influence. In this condition, the participation of residents tends to weaken because they do not see the real results of the BUMDes management process.

There are a number of supporting factors that are important capital to strengthen the implementation of participatory management in BUMDes. One of the most fundamental supporting factors is the existence of socio-cultural values of the community that uphold the spirit of togetherness and mutual cooperation. Although hierarchical culture is sometimes an obstacle, gotong royong is a very strong social capital in rural communities. This collectivity value can be the foundation for the development of participation, especially when the management is able to utilize the social capital to organize the community in productive activities. Gotong royong can be a natural mechanism to drive participation, especially in BUMDes operational activities such as infrastructure development, village asset management, or the implementation of community-based economic programs.

Another supporting factor is the existence of national regulations that provide a strong legal basis for the implementation of participatory governance. The Village Law and various derivative regulations emphasize that village development must be carried out by prioritizing the principles of transparency, accountability, participation, and deliberation. This regulation

clarifies the obligation of village administrators and BUMDes to involve the community in the decision-making process. With this legal basis, the management has the legitimacy to run a participatory mechanism in a more structured manner. Village regulations (Perdes) on BUMDes can also be an important instrument to require the implementation of routine meetings, submission of public reports, and community involvement in business evaluations.

The commitment of the village government is a very decisive supporting factor. When the village head and village apparatus have an orientation to inclusive governance, the participatory process is easier to implement. Open and responsive leadership allows the community to feel valued and listened to, so participation can grow naturally. The role of the village government also lies in their ability to facilitate the provision of budgets, the formation of work teams, and coordination with village assistants or local governments. In many villages, the success of BUMDes cannot be separated from village leadership that supports innovation, opens up space for collaboration, and ensures community involvement from the planning stage to implementation.

Increasing public access to information technology is a significant supporting factor in expanding the space for participation. Communication media such as WhatsApp, village Facebook, or digital information boards can be used by administrators to submit activity reports, announce programs, and invite the community to discuss. Technology makes information faster and more accessible, so the element of transparency can be strengthened. When information is publicly available and can be monitored at any time, the community has a greater opportunity to provide input and play a role in social surveillance. This is in line with the principle of *Digital Governance* which is increasingly applied in modern village governance.

Another supporting factor is the existence of a network of partnerships with external parties such as related agencies, accompanying institutions, universities, and the business world. The partnership can provide administrators with access to training, additional business capital, technical assistance, and assistance in mapping local potential. When BUMDes have a strong collaboration network, the capacity of the management increases and the business unit can develop more professionally. This capacity building directly encourages the improvement of the quality of governance, so that community involvement can be better designed and does not stop at mere symbolic participation.

The dynamics between inhibiting and supporting factors show that the implementation of participatory management in BUMDes governance is not a linear process. The implementation of a participatory approach requires strong institutional conditions, open leadership, adequate public literacy, and consistent information transparency. The challenges that arise cannot be solved with a technical approach alone, but require social and cultural transformation within the village community itself. The value of mutual cooperation, which has been the strength of the community, needs to be directed towards more structured and meaningful participation. Meanwhile, structural obstacles such as regulations and management capacity need to be answered with sustainable mentoring and institutional strengthening programs.

Thus, these inhibiting and supporting factors show that the success of the implementation of participatory management in the governance of BUMDes is highly determined by the ability of villages to manage internal complexity and take advantage of external opportunities. When supporting factors are maximized and obstacles are managed

with the right strategy, BUMDes have great potential to develop into participatory, inclusive, and sustainable village economic institutions in increasing the economic independence of the community. If you need the last subchapter (governance strengthening strategies), I can make it with the same academic quality.

4.3. Strategy to Strengthen Participatory Management-Based BUMDes Governance to Increase Village Economic Independence

The strategy to strengthen participatory management-based BUMDes governance is an effort that not only focuses on the technical aspects of business management, but also touches on the social, institutional, and cultural dimensions of the village community. Strengthening participatory-based governance requires a transformation from a management model that tends to be top-down to an approach that actively involves the community in every decision-making process. This is particularly relevant in the context of village development that places the community as the subject of development, not just an administrative object. To achieve village economic independence, BUMDes are not enough to rely only on basic capital and formal regulations, but rather need a solid governance foundation based on accountability, transparency, collaboration, and community empowerment. Therefore, the governance strengthening strategy that will be discussed in this section focuses on systematic efforts to build responsive, inclusive, adaptive, and sustainable BUMDes.

1. Strengthening the institutional structure of BUMDes through the preparation of clear, complete, and binding internal regulations

Strong institutions are reflected in the existence of village regulations (Perdes) and Articles of Association/Bylaws (AD/ART) which regulate in detail the mechanisms of community involvement, decision-making, accountability, information systems, and relationships between village governments, supervisory bodies, and BUMDes management. So far, many BUMDes have faced problems because they do not have clear SOPs, making the management confused in carrying out their roles and the public does not know their participation rights. The preparation of participatory internal regulations is a very strategic step because it involves the community from the beginning and fosters a sense of shared ownership of the agreed rules. Through clear regulations, the public can understand that BUMDes are public-owned institutions, while the management is only a mandate, not an owner. Thus, a strong institutional arrangement is the foundation for the formation of transparent and accountable governance.

2. Strengthening the capacity of BUMDes human resources, especially administrators, supervisors, and community groups involved in business units

Without adequate capacity, the implementation of participatory management is just a concept without concrete practice. Capacity building includes business management training, financial literacy training, participatory planning training, village asset management training, and participatory leadership training. In addition to technical training, there needs to be continuous assistance from related agencies and partner institutions such as universities or NGOs. Human resource capacity transformation is a key factor in ensuring that BUMDes are able to run their business professionally and at the same time be able to manage communication with the community. With strong human resources, the business planning process will be more

mature, financial reports will be more accurate, and community involvement can be managed strategically. This capacity strengthening will also reduce the dependence of BUMDes on village apparatus, so that organizations can stand more independent and oriented towards business sustainability.

3. Building a more open system of transparency and public communication

Transparency is the main prerequisite for the creation of meaningful community participation. To strengthen governance, BUMDes need to implement a routine reporting mechanism that can be accessed by the public, either through information boards, regular meetings, and digital media. The existence of financial statements, business unit development reports, and periodic evaluations must be an organizational culture. Transparency does not mean revealing all business secrets, but providing relevant information for the community so that they know the development of the business and the use of village assets. Open communication can be done through village dialogue forums, WhatsApp groups, village social media, or village bulletins. When the public obtains adequate information, they will be more motivated to be involved in supervising, providing input, and supporting the development of BUMDes businesses. Transparency also fosters public trust, and this trust is the biggest capital in the sustainability of BUMDes.

4. Expanding the space for community participation through an inclusive and representative deliberation mechanism

Participation is not enough to invite residents to attend village deliberations, but requires a more systematic approach to accommodate the voices of various groups: youth, women, MSME actors, farmer groups, fishermen, indigenous communities, and the village poor. In many cases, the voices of diverse communities are not heard in formal forums due to the hierarchical culture and dominance of village elites. Therefore, BUMDes need to build a participation model that allows each group to convey their aspirations safely and fairly. For example, through targeted discussion groups (FGDs), public consultations, needs surveys, or thematic forums based on the business sector. By accommodating a diversity of perspectives, BUMDes can design business units that are more in line with local needs and potential. In addition, inclusive participation can increase social legitimacy and reduce the potential for conflict in society.

5. Development of local potential-based business units through a participatory planning approach

BUMDes have a mandate to manage the potential of the village, but often the business units formed are not in accordance with the market needs or economic potential of the community. Participatory planning ensures that business units are built based on community aspirations, village potential analysis, and adequate feasibility studies. The development of business units can be directed to superior sectors such as agriculture, fisheries, village tourism, local trade, folk handicrafts, or public service services such as clean water and local transportation. Participatory planning provides space for the community to be involved in determining business priorities, ownership structures, the role of community groups, and profit sharing. When a business unit is born from a participatory process, the community will feel owned and encouraged to contribute to the success of the business.

6. Strengthening community-based oversight functions

The supervisory function is not only carried out by the supervisory body, but also by the community through the mechanism *Social Accountability*. This mechanism can be realized in the form of a public evaluation forum, social audit, monitoring of business activities, and a public reporting system. Public supervision will increase the accountability of administrators and prevent irregularities in the management of village finances or assets. With community-based supervision, BUMDes can ensure that business management runs as planned and remains oriented to the benefit of the village community. In addition, public supervision also strengthens the relationship of trust between the management and the community because it provides space for citizens to be involved in maintaining the integrity of the institution.

7. Strengthening partnerships between BUMDes and external stakeholders such as local governments, universities, companion institutions, business actors, cooperatives, and financial institutions

Strategic partnerships are essential to improve access to capital, technology, markets, and managerial knowledge. Cooperation with universities, for example, can provide research support, training, and business assistance. Meanwhile, cooperation with the business world can open up product marketing opportunities and supply chain access. Partnerships with financial institutions allow BUMDes to obtain additional capital through productive credit schemes. A well-built partnership can strengthen the position of BUMDes in market competition and encourage the growth of business units in a more professional and sustainable manner.

8. Digitization of BUMDes governance

The application of information technology can help BUMDes managers in compiling digital financial reports, managing application-based transactions, marketing products online, and quickly disseminating information to the public. Digitization of governance not only improves the efficiency of administrative work, but also strengthens transparency. In the long term, digitalization can encourage BUMDes to become modern institutions that are able to compete in the digital economy ecosystem, especially in the trade, tourism, and public service sectors. The use of simple technology such as Google Sheets, bookkeeping applications, local marketplaces, or social media can accelerate the transformation of BUMDes into economic institutions that are adaptive to the times.

Organizational culture is the values and behavior patterns that live in the institution and become the foundation of governance. Participatory culture can be built through an open attitude of management, acceptance of criticism, commitment to transparency, and respect for citizens' ideas. When the organizational culture has been formed, community participation no longer depends on a certain leader figure, but becomes an institutional habit that continues. Participatory culture also encourages the emergence of innovation and the courage of the community to be actively involved in conveying aspirations and offering solutions to business problems. The sustainability of BUMDes is not only determined by business profits, but also the extent to which community participation runs consistently, how strong the management maintains integrity, how governance is developed, and how the institution is able to adapt to economic dynamics. Sustainability strategies include business diversification, risk

management, establishment of reserve funds, management regeneration, and the preparation of long-term strategic plans involving all elements of the village. By implementing a sustainability model, BUMDes can survive in crisis situations, be able to innovate business, and still provide benefits to the village community.

Overall, the strategy to strengthen BUMDes governance based on participatory management requires collaboration between management, village governments, communities, and other stakeholders. Participation is not only a tool to gather aspirations, but is a managerial approach that is able to increase accountability, strengthen legitimacy, and encourage the community to be involved in driving the village economy. When these strategies are implemented consistently and in a targeted manner, BUMDes have the potential to become the driving force for village economic independence that not only creates financial benefits, but also builds social solidarity, strengthens community capacity, and creates collective welfare.

Comparison

Compared to state-of-the-art studies on BUMDes governance, most previous research has focused primarily on institutional performance, financial management, or rural economic outcomes in a general sense, often emphasizing administrative efficiency and regulatory compliance rather than the depth of participatory governance processes. Existing literature tends to measure success through quantitative indicators such as revenue growth, number of business units, or contribution to village income, while paying limited attention to how participatory management shapes legitimacy, trust, and long-term institutional resilience. This research advances the field by positioning participatory management not as a complementary variable but as the central analytical framework linking governance quality to village economic independence. Through an in-depth qualitative case study in Lembata Regency, this study captures micro-level social dynamics, cultural barriers, and community perceptions that are rarely explored in prior state-of-the-art models. The contribution lies in developing a contextual governance strengthening strategy that integrates institutional reform, social participation mechanisms, and digital transparency practices, offering a more holistic and locally grounded model compared to earlier technocratic approaches. As a result, this research expands the discourse from procedural governance toward participatory institutional transformation as a sustainable pathway for rural economic independence.

5. Conclusions

Based on the overall results of the research and discussion, it can be concluded that the strengthening of BUMDes governance in Lembata Regency is highly dependent on the effectiveness of the application of participatory management principles that involve the community substantially in every stage of planning, decision-making, implementation, and supervision of village businesses. The absence of detailed internal regulations, limited management capacity, lack of transparency, and hierarchical culture are the main obstacles that cause community participation to not develop optimally, while social capital in the form of mutual cooperation, attention from village governments, and external partnership opportunities are strong supporting factors. By strengthening institutions, increasing human resource capacity, expanding participation space, building information transparency, and

developing local potential-based business units, BUMDes has the opportunity to become a driving force for village economic independence that is able to reduce dependence on external assistance and create sustainable added value for the community.

Based on the findings of the research, it is suggested that village governments, BUMDes administrators, and related stakeholders immediately prepare binding internal regulations and institutional SOPs, strengthen the capacity of administrators through continuous training, and build an easily accessible public transparency mechanism to increase public trust and participation. In addition, a more inclusive participation model is needed by accommodating the voices of women's groups, youth, and MSME actors, as well as expanding strategic partnerships with external institutions to strengthen access to capital, markets, and technical assistance. BUMDes also need to develop business units that are rooted in local potential and are structured through participatory planning in order to have social legitimacy and a high level of sustainability. With the consistent implementation of this strategy, BUMDes in Lembata Regency can develop as a village economic institution that is able to accelerate the realization of economic independence based on community participation.

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