

Analysis of the Role of Village-Owned Enterprises in the Economic Empowerment of Enggano Island

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Abstract

This study aims to determine the role of BUMDesa in community economic empowerment, as well as to find out the obstacles faced by BUMDesa in community economic empowerment, and to find out the strategies carried out by BUMDesa in overcoming obstacles that interfere with community economic empowerment. The approach used is a qualitative descriptive approach. Data obtained from interviews and documentation. The analysis method used is data reduction, data display and concluding drawing. The results of this study indicate that the role of BUMDesa is enough to play a role in community economic empowerment, but it has not been said to be maximal because there are still many obstacles, namely lack of capital, limited human resources in management and lack of public awareness. To overcome these obstacles, BUMDesa has a strategy or effort by seeking additional capital, improving the quality of human resources, and increasing public awareness.

Keywords

The Role of BUMDesa, Community Economic, Empowerment

Introduction

Poverty rates still dominate rural areas. The emergence of poverty is caused by the community's low ability to meet daily needs and low income. Therefore, poverty is a top priority in national development implementation, and its eradication cannot be postponed (Sarinah et al., 2019). The government has made various efforts to alleviate poverty through various approaches, policies, and programs, but these efforts have failed to resolve the problem. To address poverty, an approach focused on community empowerment is used (Kusuma, 2018). Community empowerment is a village government program that utilizes resources to develop and support the village development process. Community empowerment programs encompass governance, institutions, health, community economics, technology, and education (Amin, 2021). Community empowerment-based development is an effort to improve community welfare. One of the goals of development is to achieve economic growth. The economic objective of community empowerment is to assist underprivileged communities in order to increase their income and reduce poverty. This

is done by providing training in social and skills fields to the community (Sarinah et al., 2019). Community empowerment programs that encourage villages in the economic sector include establishing BUMDesa, building dams, and PRUKADES. One of the village's main plans is to establish BUMDes. BUMDes, which is an abbreviation for Village-Owned Enterprises, is an institution expected to encourage village economic development. BUMDesa is a program established by the village government and managed by the village community to improve the village economy and is formed according to the needs and potential of the village (Amirya, 2016). The role of BUMDesa currently cannot be said to be optimal.

This was conveyed by President Jokowi based on data submitted by the Ministry of Villages regarding the evaluation of the role of BUMDesa, which stated that there were 2,188 BUMDesa not operating and 1,670 BUMDesa operating but not optimal in driving the village economy. Several previous studies relevant to this research, namely Aminy et al. (2019), Hailudin (2021), Firdaus (2020), show that the role of BUMDesa is very influential in community economic empowerment so that it can improve the community's economy through various businesses run. Meanwhile, according to Majdi et al (2020), Salihin (2021), Rachmawati (2020), Puspaningrum and Kurniawati (2019), it shows that the role of BUMDesa has not been maximized in empowering the community's economy, this is caused by several obstacles that exist in each BUMDesa. Development is a continuous process and covers all areas implemented comprehensively by all levels of society in the Unitary State of the Republic of Indonesia (NKRI). The village is the smallest unit of a country that is closest to the community and directly touches the needs of the community that need to be prosperous. Village development is basically the basis of National development, because if each village has been able to carry out development independently, the prosperity of the community will be easily realized and nationally will increase the prosperity index of the Indonesian people. The central government in recent years has been committed to supporting village development. This is stated in Law Number 6 of 2014 with the aim of improving the welfare and quality of life of village communities. Village development strategies are steps that will be taken by all members of the organization, which contain programs to realize the vision, mission and objectives set by the organization. This aims to make efforts to improve the welfare and quality of life of the community more effective. Some strategies that can generally be implemented in order to build the independence of a village include;

1. building the capacity of critical and dynamic citizens and community organizations in villages,
2. strengthening the capacity of government and dynamic interactions between citizen organizations in organizing village governance,
3. building a responsive and participatory village planning and administration system, and
4. building local institutions based on an independent and/or productive economy. One form of achieving economic growth and development in rural areas that is currently being intensively carried out by the government is through activities to develop the socialization of Village-Owned Enterprises (BUMDesa).

The types of businesses managed by BUMDesa have been regulated in ministerial regulations, including services, distribution of nine basic commodities, trade in agricultural products, and/or small and home industries and can be developed according to the needs and potential of the village. From the various efforts made by BUMDesa, it is hoped that they can be utilized for business development, village development, empowerment of village communities, and provision of assistance to the poor through grants, social assistance, and revolving fund activities stipulated in

the Village Revenue and Expenditure Budget. Village entrepreneurship can be accommodated in Village-Owned Enterprises (BUMDesa) which can be developed by the government and the village community itself. Rantau Kasai Village-Owned Enterprises (BUMDesa) is a business entity owned by North Tambusai Village, North Tambusai District, Rokan Hulu Regency-Riau and is located at Jalan Raya

Rantau Kasai RT 006 RW 002 Dusun I, North Tambusai Village. Rantau Kasai BUMDesa was established on April 20, 2015, based on the decision of the Village Head Number 02 of 2015 and until now the Rantau Kasai BUMDesa institution has a main business, namely savings and loans and 3 Kg LPG Gas base which is a business that has been pioneered from UED-SP and is still running well. good. A study conducted by Budiono (Budiono 2015), stated that in 2006 in Bojonegoro Regency, 419 BUMDes had been established, and based on the results of mapping conducted by the Community Empowerment and Village Government Agency (BPMPD) in 2013, it stated that the number of BUMDesa that were still running was only 21 BUMDesa. In his study, he also found that BUMDesa which were considered successful were also not able to contribute to village cash income or PADes. In addition, a study conducted by Ramadana (Ramadana 2013), in Landungsari Village, Dau District, Malang Regency concluded that only a portion of the community in Landungsari Village felt helped by the existence of BUMDes, namely through renting market kiosks and borrowing capital. However, overall it has not been able to meet the needs of the community and contribute to increasing village income. So BUMDesa as an economic strengthening institution is considered unsuccessful.

This illustrates that the implementation of BUMDesa in a number of regions cannot yet be said to be effective in providing social and economic contributions to village communities because the pattern of utilization of BUMDesa funds has not yet been optimal. Village development is a strategic agenda in Indonesia's national development. Villages, as the smallest entities in the government structure, play a crucial role in the sustainable development process. With the rollout of decentralization and regional autonomy policies, villages have gained broader authority to regulate and manage the interests of their communities independently. In this context, the Indonesian government, through Law Number 6 of 2014 concerning Villages, provides greater space and roles for villages to manage their potential resources, including in the economic aspect (Village Law No. 6 of 2014). One concrete implementation of the mandate of this Law is the establishment of Village-Owned Enterprises (BUMDes). BUMDesa is present as an important instrument in realizing village economic independence through participatory and sustainable management of local potential. BUMDesa is expected to be a driving force for the village community's economy, as well as an institution capable of providing economic services to residents and strengthening the village economy (Permendesa PDTT No. 4 of 2019). Keramatmanik Village, Angsana District, Pandeglang Regency is one of the villages that has established and manages BUMDesa.

This village has various potential natural and human resources that can be developed into productive economic activities. However, the effectiveness of the role of BUMDesa in empowering the community economically remains a question that needs further study. Several obstacles such as limited human resources, lack of managerial training, and weak community participation are challenges faced in managing BUMDesa in Keramatmanik Village (Ridwan, 2020: 45). According to Sugiyono (2019: 87), effective BUMDesa management requires good organizational governance, regulatory support, and active community participation. Without synergy between these various elements, the existence of BUMDesa will only be an administrative formality without any real impact on improving the welfare of the village community. A well-

managed BUMDesa can be a vehicle for innovation and creativity from village communities in developing businesses based on local potential. As explained by Eko (2019:118), BUMDesa is a new form of mutual cooperation economy that prioritizes the spirit of togetherness, solidarity, and local independence. Community economic empowerment through BUMDes encompasses various aspects, including the development of micro and small businesses, providing access to capital, entrepreneurship training, and strengthening market networks.

Methods

The research approach used in this study was a qualitative one. A qualitative approach is used to explore and understand the meaning of individuals or groups of people/communities within a particular social problem. The primary data for this study came from respondents' answers to questionnaires. The researcher's observations included participation in village activities related to the Village-Owned Enterprise (BUMDesa) and community activities implementing BUMDesa activities. The researcher also conducted full observations without directly participating. The data collection model used in this study was survey research and interviews to obtain primary data, while also administering questionnaires as a primary data collection tool. According to Neuman and Lawrence (2013), field research interviews take place in various ways: unstructured, in-depth, ethnographic, open-ended, informal, and lengthy. This study uses an in-depth interview technique using an interview guide as a reference in conducting interviews so as not to deviate from the topic to be discussed. Before data collection is carried out, validity and reliability testing is first carried out on the list of questions used to determine which items are valid and which are not, by comparing them with the r (product moment) table. Meanwhile, reliability testing of all items or questions in this study uses the Cronbach Alpha coefficient formula, and hypothesis testing uses the t -test to prove the significance of the independent variable (X) with the dependent variable (Y).

Results and Discussion

Data Analysis Results

Data analysis in study This use approach *Partial Least Square* (PLS), to test influence Village-Owned Enterprises from side entrepreneurship, participation population, innovation and social capital to development local economy on Enggano Island and testing role moderation of social capital on influence entrepreneurship and participation resident to development The local economy on Enggano Island . The results of the data analysis are presented following This.

Validity Test Results

Evaluation of the measurement model was carried out by checking the validity using a convergent validity test through the *outer loading value* and *Average Variance Extracted* (AVE) as well as a discriminant validity test through the Fornell-Larcker value, *heterotrait-monotrait ratio* (HTMT) and *Cross Loadings* value.

Convergent Validity Test Results

Convergent validity is a measure in a measurement model that assesses the extent to which indicators have a significant positive correlation with the same construct. The *rule of thumb value* used to test convergent validity is 0.60. This means that if the *outer loading value* is greater than 0.60, the indicator is valid and retained in the analysis. The results of the convergent validity test using the SmartPLS application are shown in Figure 1 and Table 1.

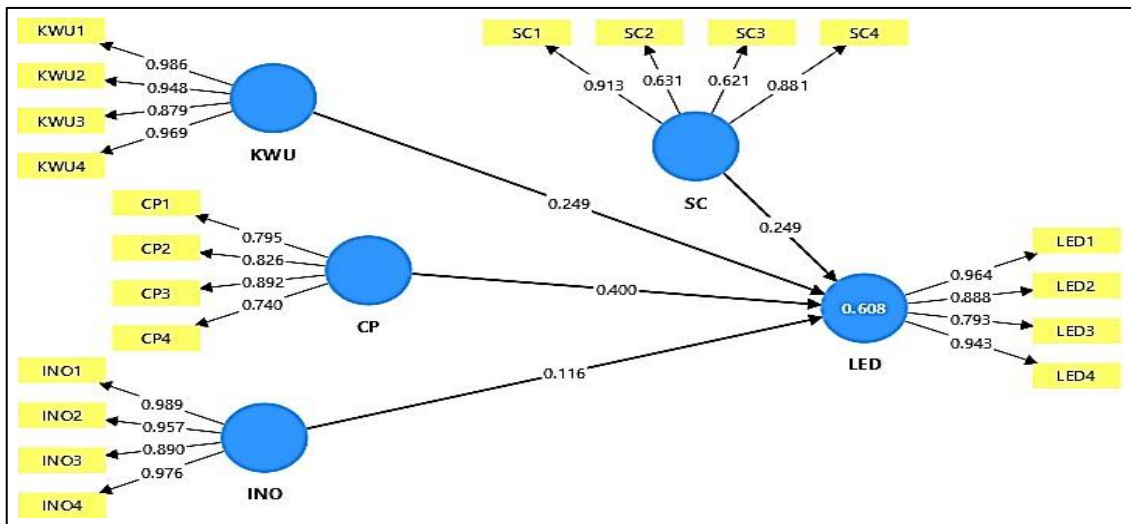


Figure 1. Outer Model Test Results

The results of convergent validity testing using the SmartPLS application from the *outer loading values* and *Average Variance Extracted (AVE) values* are summarized in Table 1.

Table 1. Results of Outer Loading and AVE Parameters

Variables	Indicator	Outer Loading	Test Results	
			AVE	Information
Entrepreneurship	KWU1	0.986	0.896	Valid
	KWU2	0.948		Valid
	KWU3	0.879		Valid
	KWU4	0.969		Valid
Population Participation	CP1	0.795	0.664	Valid
	CP2	0.826		Valid
	CP3	0.892		Valid
	CP4	0.740		Valid
Social Capital	SC1	0.913	0.598	Valid
	SC2	0.631		Valid
	SC3	0.621		Valid
	SC4	0.881		Valid
	LED1	0.964	0.809	Valid
	LED2	0.888		Valid
	LED3	0.793		Valid
	LED4	0.943		Valid

Average Variance Extracted (AVE) Value

The next convergent validity test is using the *Average Variance Extracted* (AVE) value criterion. AVE measures how much of a construct's variance can be explained by its indicators compared to the variance caused by *error*. A good AVE value should be more than 0.5, meaning more than 50% of the variance is explained by the construct's indicators. From Table 4.8, it is known that all AVE values for the construct variables have met the 0.5 *rule of thumb*. *These results indicate that at the outer model testing stage, all construct variables are valid and meet the convergent validity criteria.*

Discriminant Validity Test Results

Discriminant validity indicates the extent to which a construct is truly different from another construct through empirical standards (Hair *et al.*, 2014). Discriminant validity occurs when two different instruments that measure two constructs that are predicted to be uncorrelated produce scores that are indeed uncorrelated. Discriminant validity also relates to the principle that different construct measures should not be highly correlated.

Fornell-Larcker Criterion Test Results

According to the Fornell-Larcker criteria, *discriminant validity* is considered fulfilled if the *Average Variance Extracted* (AVE) value of each construct is greater than the square of the correlation between that construct and other constructs in the model. In other words, a high AVE value indicates that the variance extracted by the indicators in a construct is greater than the variability associated with other constructs in the model. This indicates that the construct can be clearly distinguished from other constructs in the context of *discriminant validity analysis*.

Table 2. Results of the Fornel-Larcker Criterion Test

	CP	KWU	LED	SC
CP	0.815			
KWU	0.371	0.946		
LED	0.594	0.629	0.899	
SC	0.261	0.601	0.585	0.774

Source: Research Results 2025 (processed)

Based on Table, it is known that the *Square Root of Average Variance Extracted* (AVE) value from the Fornell-Larcker criterion is greater than 0.70. This result indicates that the research variable construct has met the *discriminant validity criteria*.

Heterotrait Monotrait Ratio (HTMT) Test Results

The *heterotrait-monotrait ratio* (HTMT) is a newer method for assessing discriminant validity introduced by Henseler *et al.* (2015). HTMT measures the ratio between the average correlation of indicators measuring different constructs (heterotrait) to the average correlation of indicators measuring the same construct (monotrait). Discriminant validity is considered adequate if the HTMT value is less than 0.85, although some researchers also use a threshold of 0.90 (Henseler *et al.*, 2015).

Table 3. Heterotrait-Minotrait Ratio (HTMT) Test Results

	CP	KWU	LED	SC
CP				
KWU	0.309			
LED	0.463	0.670		
SC	0.169	0.514	0.457	

Source: 2025 Research Results (processed)

Heterotrait-Minotrait Ratio (HTMT) test as shown in Table 4.10, it is known that the HTMT value is smaller than *the rule of thumb* of 0.85. This result means that the research variable construct meets the discriminant validity criteria.

Cross Loading Test Results

Cross-loading is a useful technique for evaluating discriminant validity, where each indicator is analyzed to see how well it contributes to the intended construct. If an indicator has a clear correlation with one construct, while its correlation with another construct is low, this indicates that the construct can be clearly distinguished from the others. The results of the discriminant validity test using *cross-loading values* are shown in Table 4.

Table 4. *Cross Loading* Values of Research Variable Indicators

	CP	KWU	LED	SC
CP1	0.795	0.210	0.240	0.070
CP2	0.826	0.186	0.276	0.127
CP3	0.892	0.431	0.745	0.358
CP4	0.740	0.149	0.168	-0.019
KWU1	0.361	0.986	0.611	0.607
KWU2	0.374	0.948	0.605	0.678
KWU3	0.256	0.879	0.532	0.444
KWU4	0.401	0.969	0.626	0.536
LED1	0.610	0.576	0.964	0.482
LED2	0.586	0.632	0.888	0.415
LED3	0.370	0.526	0.793	0.635
LED4	0.555	0.527	0.943	0.585
SC1	0.314	0.650	0.652	0.913
SC2	-0.109	0.254	0.074	0.631
SC3	-0.014	0.228	0.084	0.621
SC4	0.198	0.430	0.444	0.881

Source: 2025 Research Results (processed)

Reliability Test Results

Table 5. Cronbach's *Alpha Value*

Variables	Cronbach's <i>Alpha</i>	Information
Entrepreneurship (KWU)	0.961	Reliable
Population Participation (CP)	0.876	Reliable
Social Capital (SC)	0.856	Reliable
Local Economic Development (LED)	0.919	Reliable

Source: 2025 Research Results (processed)

Composite Reliability (CR) Value Results

Table 6. Composite Reliability Values

Variables	Composite Reliability	Information
Entrepreneurship (KWU)	0.972	Reliable
Population Participation (CP)	0.887	Reliable
Social Capital (SC)	0.852	Reliable
Local Economic Development (LED)	0.944	Reliable

Source: 2025 Research Results (processed)

The data analysis revealed that the *composite reliability* (CR) value for each variable was greater than the 0.70 *rule of thumb*. This result indicates that all construct variables have a very good level of reliability, as they meet the criteria used.

Structural Model Evaluation Results (Inner Model)

According to Ghozali (2014), inner model testing in the *Partial Least Squares* (PLS) method is conducted to evaluate the relationship between constructs or latent variables. At this stage, structural model testing includes several main steps: R² value and VIF value.

Value of the Coefficient of Determination (R²)

Table 7. Value of the Coefficient of Determination (R²)

			Without Moderation		With Moderation	
			R-Square	Adj. R-Square	R-Square	Adj. R-Square
Local Economic Development (LED)			0.608	0.587	0.705	0.680

Source: 2025 Research Results (processed)

Collenierity Statistical Value (Variance Inflation Factor /VIF) Table

8. Output VIF Values

	Before Moderation VIF	After Moderation VIF	Information
CP -> LED	1,169	1,181	Free Multicollinearity
KWU -> LED	2,179	2,324	Free Multicollinearity
SC -> LED	2,078	2,115	Free Multicollinearity
SC x CP -> LED		1,115	Free Multicollinearity
SC x KWU -> LED		1,274	Free Multicollinearity

Source: 2025 Research Results (processed)

Table 9. F-Square Test Results

	Local Economic Development (LED)	
	Before Effect	After Effect
	Moderation	Moderation
Entrepreneurship (KWU)	0.073	0.091
Participation Population (CP)	0.349	0.522
Social Capital (SC)	0.076	0.097
SC*CP	-	0.310
SC*KWU	-	0.071

Source: 2025 Research Results (processed)

Model Fit Test

The Partial Least Squares (PLS) model fit test is an evaluation to determine the extent to which the estimated model fits the observed data. Although PLS-SEM is better known for its focus on predicting and testing relationships between latent constructs, model fit evaluation remains important to ensure the overall validity of the structural and measurement models. The model fit test consists of from *Goodness of Fit (d_G)* ; *Standardized Root Mean Square Residual (SRMR)* test ; *Normed Fit Index (NFI)*; and *Chi-Square* . The results of the model fit test from the SmartPLS application are shown in Table 10.

Table 10. Fit Test Results

	Saturated Model	Estimated Model
SRMR	0.131	0.131
d_ ULS	3,601	3,619
d_ G	2,428	2,433
Chi-Square	768,482	768,398
NFI	0.669	0.669

Source: 2024 Research Results (processed)

Test Results Structural Model Hypothesis

Hypothesis testing of *partial least squares* (PLS) is done using the *bootstrap/resampling bootstrap method* . A large *t - statistic value* indicates that the proposed hypothesis is tested. The meaning of the parameter estimates provides very useful information about the relationship between research variables. The calculated coefficient value indicates the direction of the positive (+) or negative (-) influence. The confidence level used is 95%, so the accuracy level is *alpha* 0.05. The hypotheses tested are:

- $H_0 : b_i = 0$, meaning there is no influence between the independent variable construct and the dependent variable construct.
- $H_a : b_i > 0$, meaning there is a positive/negative influence between the independent variable construct and the dependent variable construct.

Unmoderated Testing

Structural model testing without moderating variables was conducted to examine the direct influence of the independent variable construct on the dependent variable construct. The results of the test without moderating effects are shown in Figure 2.

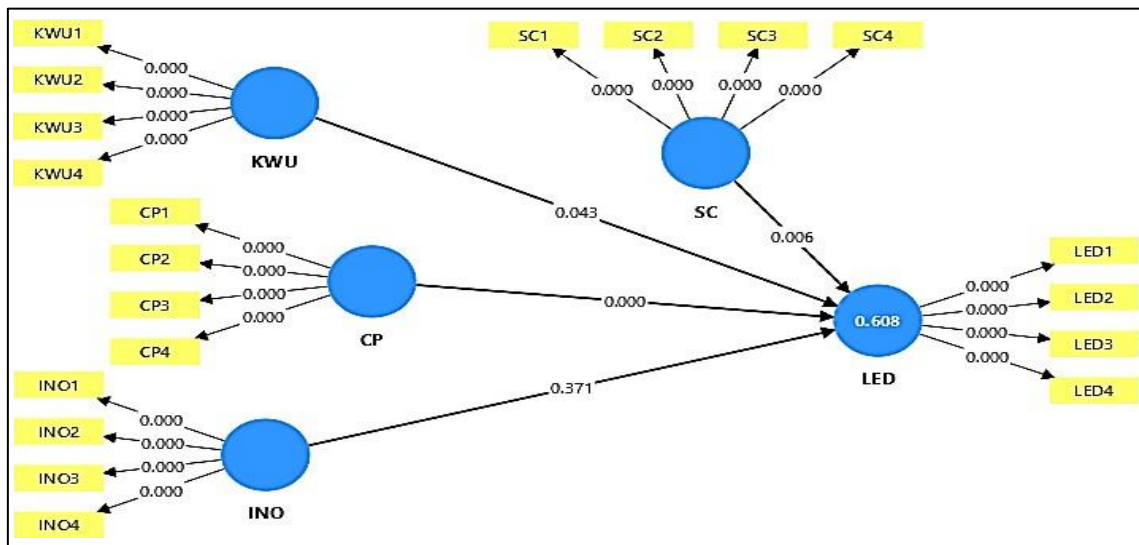


Figure 2. Output Results SmartPLS 4.0 Bootstrapping Without Moderation Effects

From the matrix *output* generated by the SmartPLS 4.0 application, a summary of the coefficient values (*original sample*) is obtained, the value *t*-statistic, and *p*-value as summarized in Table 11 below.

Table 11. Summary of *t*-statistic and *P*-value of Structural Paths Without Moderation

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T statistics (IO/STDEV)	P-Values
CP →LED	0.400	0.406	0.054	7,412	0.000
KWU →LED	0.249	0.226	0.121	2,055	0.043
SC →LED	0.249	0.266	0.089	2,790	0.006

Source: 2025 Research Results (processed)

From the summary of *bootstrapping results* as shown in Table 4.18, the results can be interpreted as follows.

Hypothesis Testing of Structural Model Without Moderation Effect

The main effect test (without moderating effect) was conducted to examine the influence of Entrepreneurship (KWU), Population Participation (CP), and Innovation (INO) in Village-Owned Enterprises (BUM Desa) activities on Local Economic Development (LED) in Enggano District, North Bengkulu Regency. From the SmartPLS 4 *output*, it is known that:

- The *p*-value of the KWU →LED pathway is 0.017. The *p*-value of $0.017 < \alpha 0.05$ indicates that the entrepreneurial aspect in Village-Owned Enterprises (BUM Desa) activities has a significant effect on Local Economic Development in Enggano District, North Bengkulu Regency.
- The *p*-value of the CP →LED pathway is 0.000. The *p*-value of $0.000 < \alpha 0.05$ indicates that the aspect of population participation in Village-Owned Enterprises (BUM Desa) activities has a significant effect on Local Economic Development in Enggano District, North Bengkulu Regency.
- The *p*-value of the INO →LED pathway is 0.371. The *p*-value of $0.371 > \alpha 0.05$ indicates that the innovation aspect in Village-Owned Enterprises (BUM Desa) activities **does not have a significant effect** on Local Economic Development in Enggano District, North Bengkulu Regency.

Regency.

- d) The *p-value* of the SC →LED pathway is 0.006. The *p-value* of 0.006 < *alpha* 0.05 indicates that social capital has a significant effect on Local Economic Development in Enggano District, North Bengkulu Regency.

Interpretation of Structural Coefficients Without Moderation

From the matrix *output* generated by the SmartPLS 4.0 application, a summary of the coefficient values (*original sample*) of the structural path is obtained as summarized in Table 4.18. From this table, the following interpretations can be made.

- a) The coefficient value of the KWU →LED path is 0.249. This coefficient value is positive. This indicates that entrepreneurship in Village-Owned Enterprises (BUM Desa) activities positively enhances Local Economic Development in Enggano District, North Bengkulu Regency.
- b) The CP-LED path coefficient →is 0.400. This coefficient is positive, indicating that community participation in Village-Owned Enterprises (BUM Desa) activities positively enhances local economic development in Enggano District, North Bengkulu Regency.
- c) The INO LED path coefficient →is 0.251. This coefficient is positive. This indicates that the innovations implemented in Village-Owned Enterprises (BUM Desa) activities have positively improved local economic development in Enggano District, North Bengkulu Regency.
- d) The coefficient value of the SC- →LED path is 0.251. This coefficient value is positive. This indicates that social capital in supporting Village-Owned Enterprises (BUM Desa) positively enhances Local Economic Development in Enggano District, North Bengkulu Regency.

Discussion

Analysis Based on Capability Theory The Capability

Theory developed by Amartya Sen and Martha Nussbaum emphasizes the importance of individuals' substantive freedom to choose and live a life they find meaningful. In the context of village community empowerment, the role of BUMDesa can be seen as an instrument to expand community capabilities by providing economic access, training, and business facilities. Based on research findings in Keramatmanik Village, it can be seen that BUMDesa directly contributes to increasing residents' economic choices through various services and business units. Providing access to savings and loan services is one concrete form of capability expansion. With this service, villagers can start or develop small businesses without having to depend on conventional financial institutions that require collateral and complex procedures. This gives people the freedom to choose a business path that suits their potential and interests. In addition to access to capital, BUMDesa also provides skills training such as financial management, entrepreneurship, and modern agriculture. This training serves to improve individuals' abilities in managing their businesses, as well as increasing their confidence in making economic decisions. In this way, residents are not only provided with capital assistance but also equipped with knowledge and skills that enhance their overall capabilities. From a capability perspective, employment opportunities created by BUMDesa business units are also a crucial element. Many village youth who were previously unemployed can now become involved as workers or partners in BUMDesa business activities. This not only provides them with income but also builds self-esteem and individual autonomy in meeting their living needs. Capability Theory also emphasizes the importance of access to basic services and infrastructure. BUMDesa, through its contribution to

Village Original Income (PADes), also funds the development of village infrastructure such as roads, irrigation, and other public facilities. With the availability of adequate infrastructure, communities have more opportunities to engage in economic and social activities effectively. However, challenges remain in expanding the capabilities of vulnerable groups such as female heads of households, people with disabilities, and the elderly. There has not been a specific program from BUMDes that directly targets these groups. Within the capability framework, social inclusion and equal access are crucial aspects that need to be improved so that all residents have equal opportunities to develop. BUMDesa also plays a role as an institution that creates an enabling environment or environment that allows residents to develop. By supporting joint venture groups and local cooperatives, BUMDesa strengthens social institutions that support collaboration and solidarity in village economic development. Community participation in decision-making is also part of expanding capabilities. Although community involvement in program implementation already exists, participation in planning and evaluation needs to be enhanced. Providing space for communities to express their aspirations and determine the direction of village businesses is part of the substantive freedom upheld in this theory.

Analysis Based on the ABCD (Asset-Based Community Development)

Approach The ABCD (Asset-Based Community Development) approach emphasizes development based on the strengths and potentials of the community. Rather than starting from deficiencies or weaknesses, this approach encourages the community to recognize, manage, and develop local assets as a foundation for sustainable development. In the context of Keramatmanik Village, this approach is clearly reflected in the strategy of the Kramatmanik Jaya BUMDesa in managing various business units. Business units run by BUMDesa such as the production of banana chips, coconut sugar, and agricultural equipment rental services are a form of utilizing abundant local natural resources. The agricultural and plantation potential in the village is not only sold in its raw form, but is first processed to provide added economic value. This is in line with the ABCD principle which emphasizes the optimization of productive community assets. BUMDesa also utilizes local human resource assets. Village youth are involved in production, distribution, and business financial management activities. Thus, BUMDesa not only creates jobs but also improves the skills and work experience of village residents. This strengthens the independence of individuals and communities in the long term. In addition to economic assets, BUMDesa also mobilizes social assets such as the spirit of mutual cooperation and community solidarity. This culture of working together becomes a strong social foundation in carrying out economic activities collectively. In training and production activities, the value of togetherness is a key strength in maintaining program sustainability. The ABCD approach is also evident in future business development planning. The plan to develop a goat farming unit and freshwater fish cultivation is a form of exploration and innovation of the village's untapped potential. If managed well, this business will add to the variety of businesses and increase the competitiveness of BUMDesa. However, not all potential village assets are fully utilized. Some assets such as the potential for natural tourism, herbal products, or community artistic skills have not yet been seriously developed. Therefore, a comprehensive mapping of village assets is a crucial step in the future BUMDesa development strategy. Digital and technology assets are also starting to be considered, despite network infrastructure constraints. Strengthening these assets will be crucial in the digitalization era, especially in product marketing and management efficiency. BUMDesa

needs to innovate by involving youth and digital communities to develop village-based marketing platforms. Within the ABCD framework, collaboration with other institutions is also crucial. BUMDesa can collaborate with cooperatives, farmer groups, and local MSMEs to expand their reach and strengthen business networks. This collaboration not only strengthens BUMDesa's economic position but also increases social cohesion within the community. Overall, the ABCD approach in Keramatmanik Village has been quite effective. BUMDesa has successfully managed existing assets to improve community welfare. However, to achieve maximum potential, a follow-up strategy is needed that includes asset mapping, managerial capacity building, and exploration of innovations based on local potential.

Analysis Based on a Participatory Model

The participatory model in development emphasizes the importance of active community involvement in every development process, from the planning stage to evaluation. In the context of village economic empowerment through Village-Owned Enterprises (BUMDesa), community participation extends beyond physical presence to involvement in decision-making, program monitoring, and evaluation. Research findings indicate that community participation in the Kramatmanik Jaya BUMDesa remains dominant at the service utilization and activity implementation stages. Villagers demonstrate enthusiasm for the BUMDesa, particularly in utilizing savings and loan services, agricultural equipment rentals, and partnering with business units. This participation demonstrates community trust in the BUMDesa. However, ideal participation in this model requires more than just service users. Substantive participation includes involvement in deliberations, policy-making, and evaluation of institutional performance. Currently, the community's role in BUMDesa program planning remains limited. Not all residents, especially marginalized groups, are involved in the decision-making process. This presents a challenge in implementing an inclusive participatory model. Regular deliberation mechanisms or open discussion forums are needed to allow the community to express their aspirations and criticisms constructively. Participation in oversight is also still suboptimal. Villagers generally delegate oversight functions to the village government or internal supervisors of the Village-Owned Enterprise (BUMDesa). However, participatory oversight by the community is key to maintaining transparency and accountability in village business management. BUMDesa can establish public accountability forums, such as annual open reports involving residents. Increased participation can also be achieved through strengthening community capacity. Training on economic literacy, business management, and citizens' rights to public oversight needs to be conducted on an ongoing basis. This will improve residents' ability to engage more actively and meaningfully in BUMDesa management. The participation of women and vulnerable groups also requires attention. In some cases, the involvement of these groups remains low due to social, cultural, or lack of information barriers. BUMDesa and the village government need to proactively encourage their involvement to prevent inequality in participation in village economic development. The long-term success of the participatory model depends on a reciprocal relationship between managers and the community. If the community feels involved and their aspirations are valued, a strong sense of ownership of the institution will develop. Conversely, if the community feels like an object, participation will decrease and trust will weaken. Community involvement in program evaluation is also important to ensure the effectiveness and relevance of BUMDesa activities. Community-based evaluations, for example

through questionnaires or community forums, can be used to assess community satisfaction and gather suggestions for improvement. Overall, the implementation of the participatory model in BUMDesa Keramatmanik Village has shown progress in terms of program implementation, but still needs to be improved in terms of planning, monitoring, and evaluation. Efforts to strengthen capacity, two-way communication, and the involvement of vulnerable groups will be key to creating more inclusive and meaningful participation.

Conclusion

This study aims to analyze the influence of entrepreneurship, population participation, innovation, and social capital on local economic development and to examine the moderating role of social capital on the influence of entrepreneurship and population participation on local economic development in Enggano District. results analysis and discussion, then can concluded a number of matter as following:

1. Entrepreneurship influential positive and significant to development economy local. This is show that the more develop activity businessman communities facilitated by BUM Desa , then the more tall his contribution to growth economy local, improvement income, and openness field Work.
2. Participation residents also provide influence positive to development economy local. Involvement active public in planning, implementation and supervision activity economy village push creation further development inclusive and sustainable.
3. Innovation No influential significant to development economy local. Condition This signify that activity innovative activities carried out by Village-Owned Enterprises or public village Not yet Enough strong or Not yet implemented in a way effective For create impact real economy.
4. Social capital influential positive and significant to development economy local. Trust, solidarity , and networks strong social in society become foundation important in move activity economy and improve efficiency Work collective.
5. The moderating role of social capital in the influence of entrepreneurship on local economic development is positive. This role strengthens the relationship between entrepreneurship and local economic development. This means that entrepreneurship coupled with high levels of social capital can have a greater impact on improving the village economy.
6. Conversely, social capital actually weakens the influence of community participation on local economic development. This means that in certain contexts, too much social cohesion can have negative effects, such as the emergence of group exclusivity or non-inclusive decision-making.

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