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## Article

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





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## Article

# Village-Owned Enterprises Perspectives Towards Challenges and Opportunities in Rural Entrepreneurship: A Qualitative Study with Maxqda Tools

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**Abstract:** The Village Fund program was started by the Indonesian government in 2015 and had a budget of USD 19.14 billion for the years 2015–2019. This research aims to provide novel insights into the importance of village-owned enterprises (BUMDes) in promoting rural entrepreneurship in rural areas of Indonesia. The investigation employs an approach that specifically emphasizes qualitative data. The individuals under investigation include the Director of the Office for Community Empowerment, Village, Population, and Civil Registration (Dispermadesdukcapil), along with five administrators/managers from BUMDes. In the “Synergy and Involvement” category, the results suggest that BUMDes are more inclined to collaborate with Small and Medium-sized Enterprises (SMEs) and other BUMDes at a similar or slightly higher level in their organizational structure rather than with large-scale companies. This is due to the fact that SMEs and other BUMDes are more inclined to have a strong and interconnected bond with each other.

**Keywords:** village-owned enterprises; rural entrepreneurship; small and medium sized enterprises



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## 1. Introduction

There are a variety of perspectives regarding a person’s potential to launch their own business, and each person holds their own set of beliefs. The establishment of brand-new companies is a laborious and time-consuming process. On the other hand, there is no question that new enterprises are essential to the growth of the economy on both the national and regional levels (Hasan, 2005; Stathopoulou et al., 2004). One of the measure welfare indicators for a nation is the increase in entrepreneurship in a country (Leinbach, 2003; Rutten, 2001; Tambunan, 2007). When it comes to the development of new commercial endeavors in rural areas, the role of entrepreneurship is absolutely essential (Korsgaard et al., 2015). Rokhim et al. (2017), and it should also be highlighted that an entrepreneurial strategy is an essential element for enhancing the economic performance of the region, particularly in rural areas of developing countries. A general strategy to encourage rural entrepreneurship is to establish an entrepreneurial plan that promotes cognitive abilities and skills for recognizing opportunities for business, analyzing and solving problems,

innovation, expanding structure relations, starting a business, and operating among the owners of micro and small enterprises (Sahut & Peris-Ortiz, 2014; Siemens, 2010).

According to a large number of studies, public programs for rural communities are extremely important for enhancing the quality of life in rural areas and providing resilience when economic conditions are unfavorable (Hemtanon & Gan, 2020; Imai et al., 2010; Kaboski & Townsend, 2005; Leinbach, 2003; Noelle-Karimi, 2006; Sharma, 2004). Community-driven development (CDD) schemes of a comparable nature have been carried out in a number of different nations. A summary matrix of the forms of implementation activities from Asian governments that have adopted CDD programs and the impacts those activities have had on communities is presented in Table 1. According to the matrix, the majority of governments have apparently executed the CDD program on various types of infrastructure, including highways, educational institutions, and medical facilities. The Village Foundation Program in Indonesia covers 74,958 communities, making it the second-largest in the world after Thailand. It indicates improvement in a number of infrastructures in villages, similar to what one would see in any other country. Although the program is more likely to improve the area's infrastructure, there is no guarantee that it will also improve the quality of the area's resources.

**Table 1.** Community-driven development matrix summary in Asian government.

Government	Total in Regions	Infrastructure	Human Development	Financial	Impact
Thailand	78,000	x	x	✓	Not likely to reduce poverty
Indonesia	74,958	✓	✓	x	Enhance a variety of infrastructures
Afghanistan	500	✓	✓	x	Increase the quantity of infrastructure, but the quality restricted
Nepal	55	✓	x	x	Enhance educational and consumption opportunities
India	6	✓	x	✓	Enhance availability and consumption
Philippines	N/A	✓	✓	x	Enhance consumer spending and employment

Source: (Beath et al., 2017; Castanas et al., 2016; Giné & Karlan, 2014; Gupta et al., 2004; Hemtanon & Gan, 2020; Imai et al., 2010; Kaboski & Townsend, 2005; Labonne & Chase, 2011; Leinbach, 2003; Noelle-Karimi, 2006; Noori, 2022; Parto & Regmi, 2009; Rosengard et al., 2007; Sharma, 2004).

To implement the plan, the Government of Indonesia introduced the Village Fund program in 2015 with a total budget of USD 19.14 billion for the period 2015–2019. The scheme offers incentives for the emergence of village-owned enterprises (BUMDes) by permitting villages to apply for village funds as equity capital for BUMDes. An Indonesian-village-owned enterprise is conceptually analogous to the concepts of Social Enterprise (SE) and Community-Based Enterprise (CBE). SE is a type of organization that integrates aspects of enterprises that are run for revenue with those of organizations that are run for the benefit of the community (Eversole et al., 2014). Both CBE and cooperatives place a strong emphasis on citizen participation and have, as their primary goal, the delivery of benefits not just to the cooperative's members but also to the neighborhood as a whole (Soviana, 2015).

The advancement of BUMDes can help to promote the strengthening of village incomes, which, in turn, enables villagers to become more independent. Unfortunately,

BUMDes continues to struggle with a variety of issues, such as a deficiency in financial resources, a restricted ability of human resources to manage BUMDes, and an absence of socialization opportunities for BUMDes (Arifin et al., 2020). Hence, the purpose of this study is to shed new light on the significance of BUMDes in promoting Indonesian rural entrepreneurship.

## 2. Literature Review

### 2.1. *The Value of Rural Entrepreneurship*

Both rural and urban areas are necessary for the growth and development of a nation. Both are two sides of the same coin when it comes to the topic of economic growth (Saxena, 2012). These days, entrepreneurial endeavors and the growth of rural areas are more intertwined than at any other time in the past. The practice of entrepreneurship is regarded as a form of strategic development interference that speeds up the process of rural development (Kuriakose, 2013; Labrianidis, 2006). According to Okeke and Nwankwo (2017), developing nations' governments have come to the determination that there can be no meaningful progress without the participation of the rural population in the development process. This comprehension is founded on the recognition that a nation's rural population constitutes a significant portion of the total population of that nation. Understanding and cultivating an entrepreneurial ecosystem in accordance with local conditions is essential. This is highly crucial for engaging in sustainable development efforts in rural regions (Isenberg, 2010).

The social, cultural, and historical components that have been amassed in rural settings over the course of time through the people who live and work in these regions are among the distinctive benefits of rural locations (Williams et al., 2004). These social, cultural, natural, and legacy facilities can each be utilized in business endeavors as one-of-a-kind resources (Gherhes et al., 2020; Tapsell & Woods, 2010). The activity of entrepreneurship serves as an excellent representation of the recombination of rural resources, which not only results in the creation of new value for the business owners but also contributes to the origin of these items. Entrepreneurship in the rural areas plays an integral part in fostering innovation, cultivating and growing communities, creating employment possibilities, and mediating the links among agriculture, utilization of land, community development, and economic growth (Bosworth, 2012; Kristiansen, 2002; Moyes et al., 2015).

Entrepreneurship in rural areas is critical to the growth of economies of countries still on the path to prosperity. The reduction in poverty levels can be aided by the development of backward or underdeveloped areas through the practice of rural entrepreneurship. To investigate the promise of rural regions, the government is able to devise a plan for the growth of village companies, which, in turn, will assist in enhancing economic growth (Korsgaard et al., 2015; Ozgen & Minsky, 2007).

### 2.2. *Village-Owned Enterprises (BUMDes)*

The village-owned enterprises in China, recognized as township and village enterprises, called TVEs, are constructed and managed by the government in urban and villages to embody community property (Luo, 1999). China's township and village-owned firms present one-of-a-kind products for the nation's fiscal transition from reforming land and constructing a communal ownership model to gradual marketization. This transition took place when China moved from central planning to gradual marketization. As a result of the collective system, people's earnings were relatively stable during the 1960s and 1970s, which allowed for the provision of subsistence at a lower overall cost. Due to regional governments being in control of the distribution of net money, they were able to set

aside the majority of revenues that were in excess of what was required for subsistence (Putterman, 1997).

In regard to the Chinese Industrial Sector, in the year 2000, the TVEs that had industrial value added earned around USD 227 billion, which is approximately 47% of all of China's industrial outcomes. It is estimated that they had 127 million people working for them; this is around 18% of China's total labor force and 25% of China's rural labor population. In addition, TVE exports reached USD 94 billion in 1999, which represented more than 45% of China's exports. Another reason why the authors focus more on China is that, since the 1978 reforms, TVEs have enjoyed enormous productivity gains compared to SOEs (Jefferson et al., 1992; Weitzman & Xu, 1994), which, in turn, have shown some ineffectiveness since the late 1990s (Zhang et al., 2001). Both of these trends can be attributed to the low beginning point. Suartini et al. (2019) claimed that TVEs and BUMDes possess similar objectives regarding the prosperity of communities in rural areas and the achievement of economic autonomy, yet their regulatory frameworks and management procedures are somewhat distinct from one another.

BUMDes have been identified as potentially beneficial to village economies. They always prioritize community objectives by providing support and making resources available for commercial use (Srirejeki, 2018). BUMDes are businesses determined by village regulations based on the outcomes of village discussions. The foundation of a BUMDes is anticipated to provide an integrated approach to village economic issues, which include the construction of infrastructure facilities, the advancement of rural business opportunities, and the maximization of the potential for rural community welfare (Kania et al., 2019).

The establishment of a BUMDes is enacted with the goals of enhancing the quality of the village's public services and economy, managing the potential of the village, developing a market and job opportunities, and growing the community's business and income. Multiple lines of business could be operated by a single BUMDes. For instance, the same BUMDes could be engaged in both financing and trading. There are primarily four different kinds of businesses, and these include financing, trading, rent services, and fundamental service delivery. Nearly one quarter of BUMDes are financial services that offer loans to local villages. About one-fifth of them are involved in the buying, selling, and distribution of agricultural products grown in rural areas, which assists rural communities in marketing their goods (Arifin et al., 2020).

### 2.3. BUMDes Classification and Development Stages

One of the most important obstacles to overcome in terms of growth in Indonesia is the discrepancy that exists between regions, particularly the gap that exists between urban and rural areas (Wilonoyudho, 2009). The disparity that exists between urban and rural areas is the direct outcome of government policies that were implemented in the past in an effort to alleviate poverty and generate employment opportunities through widespread industrialization. The establishment of two distinct polar areas is a direct consequence of these practices. The rural areas become support areas with an emphasis on agriculture, while the urban areas transform into centers of industrial production (Azzizah, 2015; Resosudarmo & Vidyattama, 2006). Aeni (2020) argued that this disparity triggers unemployment in rural areas and further reduces the quality of life of the population. The disparity between rural and urban areas can be seen from the difference in the welfare of the population in the two regions. The Central Statistics Agency (BPS) reports that the rural poverty rate in 2019 was 12.85% higher than the urban poverty rate of 6.56% (Central Bureau of Statistics (BPS), 2020). These conditions can be found in all regions of Indonesia, including Central Java. Based on BPS Central Java (2020), in September 2019, the poverty

rate in rural areas of Central Java was 12.26%, far exceeding the poverty rate in urban areas of 8.99%.

In general, rural areas have abundant potential, particularly natural resources. However, the low quality of human resources and the absence of supporting facilities and infrastructure pose a challenge to enhancing the economic resilience of villages through the management of their potential (Barbier, 2005; Freudenburg & Gramling, 1994; Mazur & Tomashuk, 2019; Narasimhan et al., 2004). As a consequence, the government initiated the formation of Village-Owned Enterprises or BUMDes as an economic institution capable of accommodating the results of community economic activities.

According to BUMDes, the level of development can be broken down into four categories: standard, growth, develop, and advanced. The grading findings were conducted during the BUMDes evaluation and refer to numerous aspects, such as institutional governance, rules, business, administration, reporting, capital, and economic impact on society. The findings of the grading was conducted during the BUMDes evaluation in reference to numerous aspects, such as institutional governance, rules, business, administration, reporting, capital, and economic impact on society. To determine the classification of BUMDes, each parameter has a different weight. In this case, the business aspect has the highest weighting, namely 25%, followed by institutional governance and the impact of BUMDes on the community, both of which have a weight of 20%. The next parameter is related to 15% capital, 10% rules and administration, as well as reporting and accountability with a weight of 10%. Table 2 depicts data on village-owned enterprises (BUMDes) integrated with the village ministry system at the Central Java province level. The significant number of increases in all levels of development since 2019–2022 (except in the standard level in 2022, which slightly decreased) signifies good news and indicates that BUMDes are sufficiently successful in Central Java.

**Table 2.** Total village-owned enterprises at the Central Java categorized by level of development.

	Standard	Growth	Develop	Advanced
2019	2764	1608	113	18
2020	2820	2504	171	44
2021	3053	3273	370	80
2022	2877	3789	491	125

Source: (Data on village-owned enterprises integrated with the village ministry system at the Central Java province level, 2022) (Sidesa, 2022).

### 3. Methods

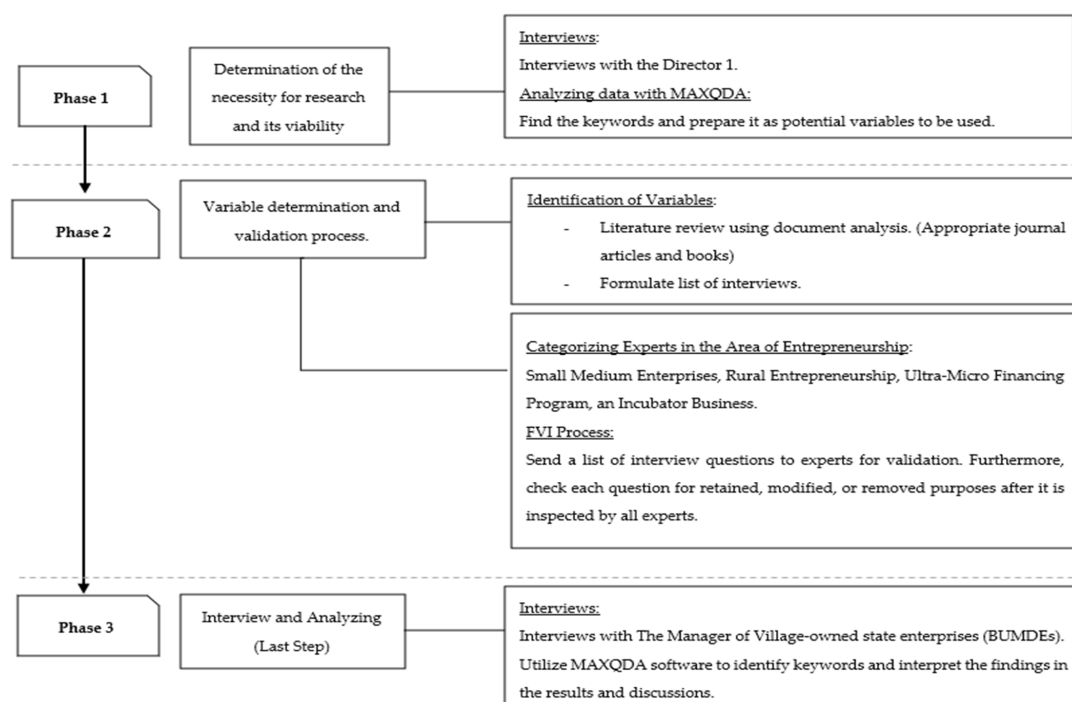
The research purpose of this study necessitates the development of a comprehensive understanding of the village-owned enterprise program's role in fostering entrepreneurship in rural areas. In exploratory studies, a qualitative study is deemed acceptable for directing our investigation, which includes selecting samples and collecting and analyzing data, considering that it facilitates a comprehensive description of representative cases and pattern recognition (Dana & Dana, 2005; Eriksson & Kovalainen, 2015; Gartner & Birley, 2002; Neergaard & Ulhøi, 2007). Furthermore, the qualitative research design allows for direct interaction with the subjects of research, thereby preventing interview bias.

This investigation employs a method based on qualitative data. The selection of a method for conducting qualitative research is strongly dependent on the researcher's perspective and the objective of the research (Creswell & Poth, 2016; Lewis, 2015). As stated by Rihoux and Ragin (2008), selecting instances is founded on specific conceptual parameters that identify the homogeneity within which cases can be compared. Still, the

variety of each designated case allows for the identification of a broad range of elements that drive the operations and vital elements of case studies with similar characteristics.

### 3.1. Research Design

There are three phases regarding the procedure to obtain a solid variable until conducting interviews with the heads of village-owned state enterprises (Figure 1). The main purpose of the first phase is to refine the research purpose by conducting a preliminary study. The initial interview with the Director the Office for Community Empowerment, Village, Population, and Civil Registration (Director 1) has been carried out to acquire key points that could prematurely be recognized as variables in the first phase. In the second phase, the initial literature was explored using document analysis to gather data on the main variable and item by appropriate journal articles. An extensive document analysis constructed and established a list of variables and items. Meanwhile, the variables and items for the instruments were sent and validated by experts with an entrepreneurship background. The interview questions were formulated based on variables and items sent and validated by experts. Afterwards, finishing the validation process, the authors re-checked the list of interview questions and calculated the Face Validity Index (FVI) for each item (questions). In the third phase, a semi-structured interview with five heads of village-owned state enterprises (BUMDEs) was conducted to identify the opportunities and challenges of BUMDEs. The interview was then transcribed and analyzed using Maxqda software. The results and discussion interpret the data analysis process's key points.



**Figure 1.** Research design.

### 3.2. Research Subject

This study has two research subjects: Director 1 and 5 BUMDEs managers. Government officials in the Office for Community Empowerment, Village, Population, and Civil Registration are selected based on their primary tasks in regard to the Central Java Governor Regulation No. 68 for the year 2016, namely (1) formulating policies in village management, village government administration, village development and cooperation, village community empowerment, and facilitation of population administration services; (2) carrying out policies in village management, village government administration, village

development and cooperation, village community empowerment, and the facilitation of population administration services; (3) providing administrative and secretarial direction to all service work divisions; (4) performing additional official duties assigned by the Governor in accordance by his duties and responsibilities.

### 3.3. Data Analysis

An analysis of the data was carried out in order to offer an improved comprehension of each case study by presenting the conclusions of the data that was collected (Rihoux & Ragin, 2008). In this research, we used triangulation to validate data linkages from fields. In the first stage, we examined the face validity index to formulate a list of contents to construct interview questions, then continued with the interview; in the last stage, after collecting data from the research subject, we conducted a data analysis using MAXQDA 2022 software. There are numerous tools accessible to qualitative scholars, such as Atlas.ti, NVivo, and Dedoose. MAXQDA represents one of those systems. Although the natures of the many Computers Assisted Qualitative Data Analysis Software applications are identical, each one offers a few subtle distinctions that may impart distinctive affordances or limits on the process of conducting research (Oswald, 2019).

Five experts examined the face validity index to ensure the appropriateness of content in interview questions. In order to ensure the appropriateness of content in interview questions, an examination of the face validity index was conducted with a total of 5 experts. Lynn (1986) argued at least three specialists to validate an instrument. Nevertheless, the total specialist/expert amount depends on the activity's intricacy. Table 3 presents data on a group of five experts who are affiliated with higher education institutions. These experts were specifically chosen due to their extensive experience in the field of entrepreneurship. The validators reviewed whether list interview questions were retained, modified, or removed.

**Table 3.** Expert list.

No	Name-Code	Gender	Position Informant	Area of Expertise
1.	Ex1	Female	Assistant Prof	Rural Entrepreneurship
2.	Ex2	Female	Associate Prof	Small Medium Enterprises
3.	Ex3	Male	Assistant Prof	Small Medium Enterprises
4.	Ex4	Female	Lecturer	Incubator Business and Entrepreneurship
5.	Ex5	Female	Lecturer	Ultra-Micro Financing Program

In order to assess the significance of each item, the experts, acting as validators, are obligated to assign a score by choosing from one of the three possible categories: "Suitable (Retained)", "Not suitable (Removed)", or "Need to modify". Subsequently, the calculation of the face validity index (FVI) for each item is conducted in the following manner: If the proportion of the sum of agreed and modified answers to the total number of experts is greater than or equal to 0.80, the item will be preserved and adjusted based on the recommendations provided by the experts. Otherwise, the item will be removed. In the event that the value is within the range of 0.70 to 0.79, it is imperative to make modifications to the item. Conversely, if the number is below 0.70, the item has to be eliminated (Hinkin, 1998). The results of validation show that, out of the 17 items that underwent validation by all experts, it was determined that 15 items  $\geq 0.80$ , and 2 items must be eliminated due to the ratio of agreed and modified items being less than 0.70. Table 4 presents a selection of seven variables obtained from the documentary analysis: 1. community

economic empowerment; 2. exploring regional potential; 3. potential for cultural and environmental conservation; 4. increasing community capacity to become entrepreneurs; 5. market expansion; 6. synergy and involvement; 7. support and supervisory, which has been verified and confirmed by experts.

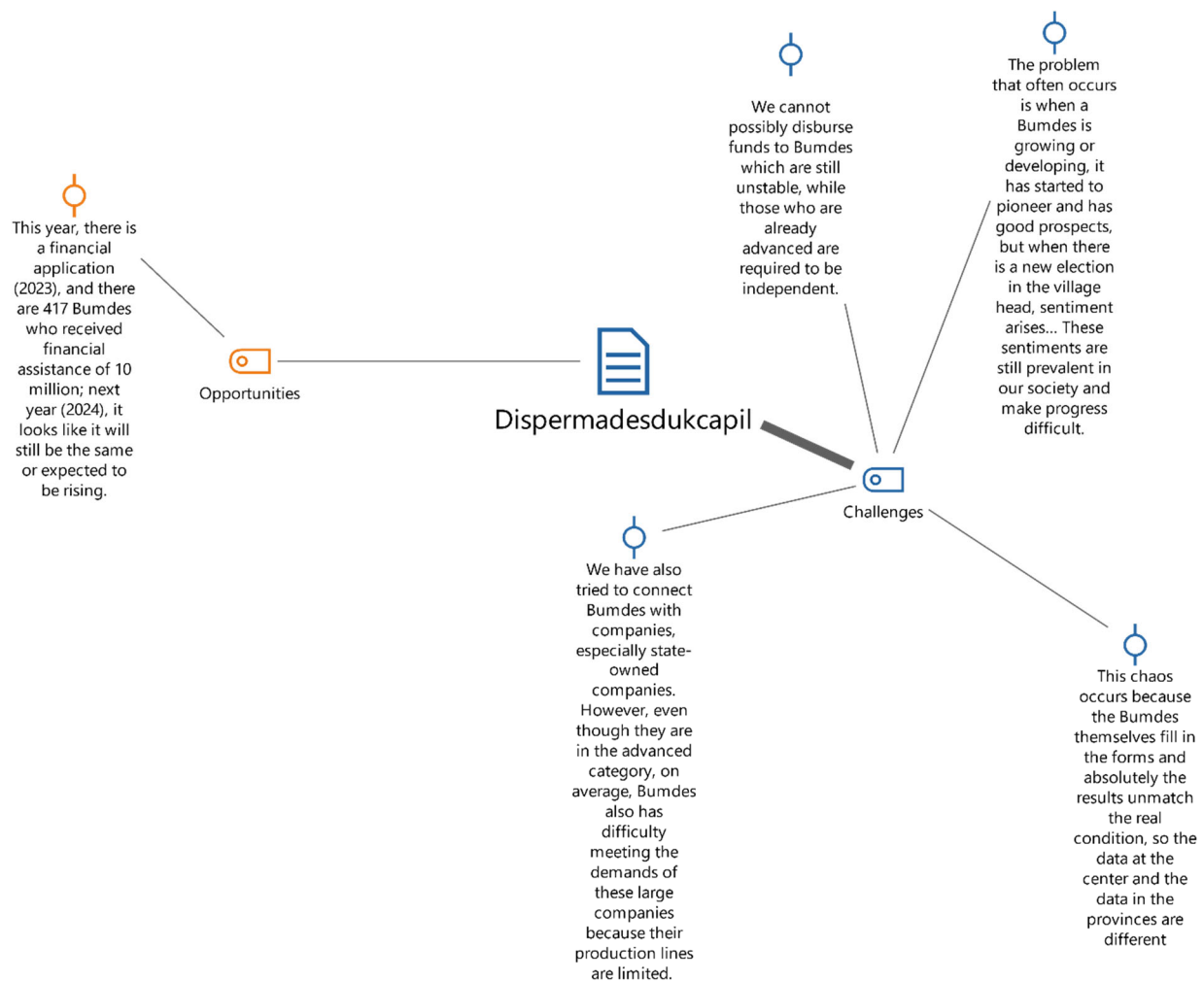
**Table 4.** The results of validation.

Variable	Items	Agree	Disagree	Modify	Ratio of Number Agree or Modify
Community Economic Empowerment (Arifin et al., 2020; Flora, 2018; Lin, 2020; Ramaano, 2023; Steiner & Farmer, 2018; Surya et al., 2021)	1. BUMDes help people improve economic conditions for the better	5	0	0	>0.8
	2. BUMDes are the government's effort to encourage the productivity of rural communities in fostering independence, one of which is entrepreneurship	5	0	0	>0.8
	3. BUMDes can facilitate the community to improve the economy	4	0	1	>0.8
	4. The establishment of BUMDes to raise a community's original products	4	0	1	>0.8
Exploring Regional Potential (Acemoglu et al., 2016; Balland et al., 2018; Enright, 2015; Morgan, 2018; Murray et al., 2017; Spigel & Harrison, 2018; Yawar & Seuring, 2017)	5. Each BUMDes in Central Java has its own diversification, where business is developed based on the potential of each village.	3	0	2	>0.8
	6. Encourage the community to explore village potential.	5	0	0	>0.8
Potential for cultural and environmental conservation (Boley & Green, 2016; da Silva et al., 2017; Throsby, 2019; Tien et al., 2021)	7. BUMDes not only empowers community economically, but also creates a clean environment	4	0	1	>0.8
	8. Community support for the BUMDes business unit includes solving environmental problems	1	3	1	<0.7
Increasing Community Capacity to become entrepreneurs (Cunha et al., 2020; Haugh & Talwar, 2016; Lumpkin et al., 2018; Surie, 2017)	9. Business actors who are members of BUMDes are equipped with skills including marketing training, promotion and the use of technology	4	0	1	>0.8
	10. BUMDes has increased the capacity of Human Resource	5	0	0	>0.8
	11. BUMDes provides assistance and mentoring needed by the community	5	0	0	>0.8
Market Expansion (Douglass, 2018; Gebre & Gebremedhin, 2019; Ghouse et al., 2017; Mayer et al., 2016; Murray & Kline, 2018)	12. Participating in exhibition held by local government	4	1	0	≥0.8
	13. Taking advantage of social media for marketing	5	0	0	>0.8
Synergy and Involvement (Blapp & Mitas, 2020; Emery & Flora, 2020; Salvatore et al., 2018; Sutriadi, 2018)	14. Synergy between BUMDes with Village Government is essential for BUMDes success	4	0	1	>0.8
	15. The Involvement of other agencies Is Needed	1	4	0	≤0.7
Support and Supervisory (Ahadi & Kasraie, 2020; Cunningham et al., 2019; Feola et al., 2019; Hidalgo et al., 2024; Skute, 2019; Ye et al., 2020)	16. The success of BUMDes depends on the support of the village government	5	0	0	>0.8
	17. Village government understanding of the BUMDes program by being involved as supervisory board	5	0	0	>0.8

## 4. Results and Discussion

### 4.1. Opportunities and Challenges of BUMDes

The primary obstacle faced by the central government is the discrepancy between the data received and the actual conditions in the field, which hinders the ability to create legislation or provide financial assistance to BUMDes. The statement is made by Director 1 as shown in Figure 2. Bumdes have been found to incorrectly fill out forms and exaggerate their management conditions, such as financial elements, to cultivate a favorable perception from both regional and central governments. Indeed, this action will impede their ability to chart a course when there is financial aid, cooperation with government-owned companies, or other forms of support.



**Figure 2.** Single-case model from Director 1.

This action unknowingly causes the government to incur losses when attempting to synergize government-associated companies with BUMDes; the most glaring example is when the majority of BUMDes are unable to meet production demands. Therefore, ‘big’ companies are reluctant to collaborate with BUMDes. Economic empowerment in rural areas will be difficult to achieve if the aim of the BUMDes only covers a restricted territory (Miles & Morrison, 2020; Muñoz & Kimmitt, 2019). Hence, the offers of collaboration from prominent commercial corporations and state-owned organizations present a valuable chance to expand the reach of BUMDes and their capabilities.

Regrettably, the newly elected village leader expressed a negative sentiment that significantly impeded the growth of BUMDes. Occasionally, the village leader may alter

the organizational framework and replace the staff with individuals lacking any prior experience in business management (Kumar, 2022; C.-Y. Lin & Huang, 2021).

One positive aspect highlighted by Director 1 is the central government's dedication to allocating financial resources annually. While obtaining financial aid may be challenging, there is no competition involved in the process. The regional administration conducts surveys of each BUMDes and impartially decides which BUMDes are qualified to receive financial aid. In 2020, Arifin et al. (2020) asserted that there was a scarcity of evidence addressing the effects of village funds and village-owned firms in Indonesia. However, regional administrations, particularly in Central Java, are confident that the overall number of BUMDes receiving financial aid has been increasing each year, and some BUMDes have been able to progress to a higher category after receiving this financial assistance.

#### 4.2. The Value Generated Through the Presence of BUMDes

According to Figure 3, participants (including Director 1 and Bumdes Manager 1, 2, 3 and 4) most commonly identified “*synergy and involvement*” as the main variables. According to Director 1, Bumdes is incapable of fulfilling the large-scale industry demands facilitated by the regional administration. However, they possess the capacity to engage in partnerships with small and medium-sized firms, other neighboring BUMDes, and financial institutions in order to advance their company. For instance, BUMDes Manager 1 stated the following:

Code System	Bumdes 1	Bumdes 2	Bumdes 3	Bumdes 4	Bumdes 5	Dispermadesdukcapil	SUM
Support and Supervisory							4
Synergy and Involvement							9
Market Expansion							3
Increasing Community Capacity to beci							6
Potential for cultural and environmenta							2
Exploring Regional Potential							7
Community Economic Empowerment							6
<b>SUM</b>	<b>6</b>	<b>6</b>	<b>8</b>	<b>9</b>	<b>3</b>	<b>5</b>	<b>37</b>

Figure 3. Code matrix browser.

“We collaborate with other villages to manage the waste; it is around 5 BUMDes, and the outcome is to produce compost for farmer needs.” (BUMDes1)

BUMDes Manager 4 also highlighted “*synergy and involvement*”, which involves collaborating with one of the company's state-owned banks in business development training. Furthermore, for potential problems regarding data, promoting products, etc., BUMDes 2 is assisted by academic institutions through students who conduct thematic real-work lectures (KKN). In Indonesian higher education institutions, lecturers are encouraged to conduct teaching, research, and community service, and most of them involve students in these activities (Kania et al., 2021).

“ \*\*\* Bank, through their corporate social responsibility (CSR), provides training to encourage rural entrepreneurs as individuals, either BUMDes like us.” (BUMDes 4)

“Each year, a new group of students comes up with fresh ideas for improving BUMDes, and we are incredibly thankful that they come to this hamlet to do actual work studies. Actually, thanks to these students' assistance, our organization's bookkeeping is now more organized and thorough. Before they came, we regularly failed to manage our expenses and profits. . .” (BUMDes 2)

The effectiveness of entrepreneurial networking is widely acknowledged as a robust behavioral process for achieving desired outcomes (Zheng et al., 2020). The resource-based view has greatly impacted research in this field. This view suggests that entrepreneurs can access a wide range of tangible and intangible resources that have a favorable impact on the performance and growth of new ventures through their involvement in different relationship structures (Galkina & Jack, 2022). The symbiotic mutualistic relationship is essential for BUMDes, as it allows for the optimization of limited resources, such as enhancing the skills of all individuals involved.

#### 4.3. The Co-Occurrence Valued in the BUMDes Environment

Several variables are associated with each other and co-occur. Nevertheless, Figure 4 shows that “synergy and involvement” have a strong connection with “increasing community capacity to become entrepreneurs” due to these variables often being assigned to each other 13 times. “Synergy and involvement” are also recognized and frequently assigned to “Exploring regional Potential” (12 times), “Community Economic Empowerment” (nine times), “Support and Supervisory” (seven times), “Market Expansion” (seven times), and “Potential for Cultural and Environmental Conservation” (4 times). The BUMDes manager regards the external (third parties) involvement of industry, universities, financial institutions, and other entities in empowering village communities as an enhancement of their ability for rural entrepreneurship. This involvement also benefits BUMDes by equipping its members with sufficient knowledge and skills (Rahayu et al., 2024).

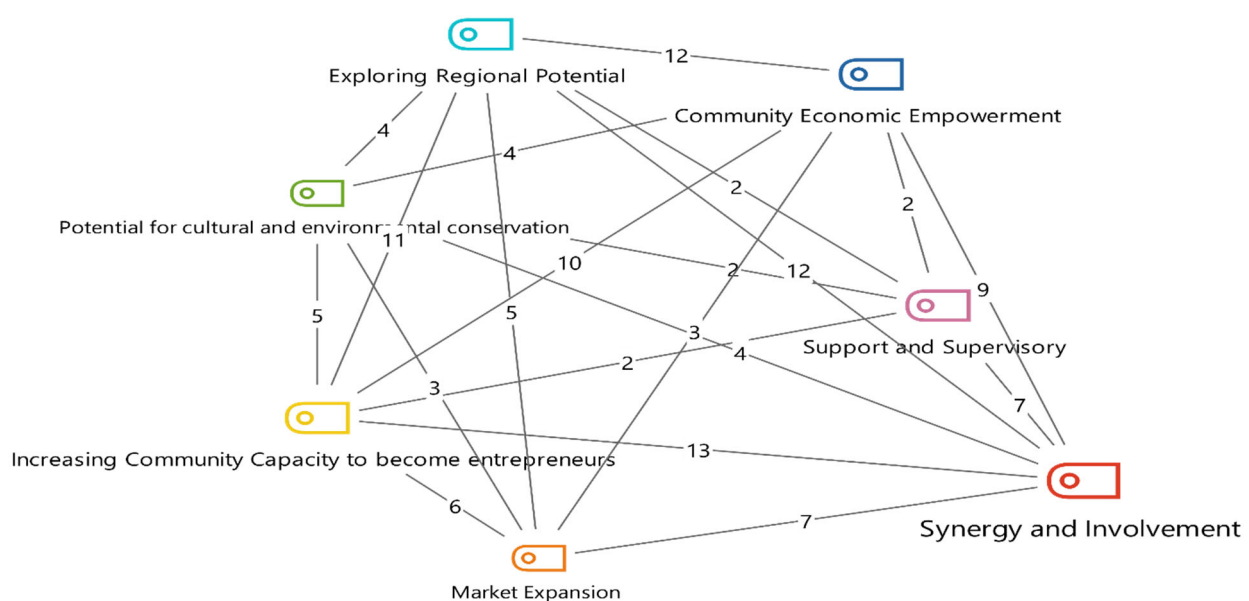


Figure 4. Code co-occurrence model.

“Synergy and involvement” is also frequently assigned to “Exploring regional Potential” (12 times); this means that BUMDes require collaboration in regard to exploring a new potential business in their village. For instance, Bumdes Manager 2 is presented with tourism opportunities at the dam but must collaborate with local governments, private parties, and state companies. The government’s involvement in exploring rural areas is necessary to foster new commercial opportunities. Unlike urban areas, the process of fostering economic growth in rural villages is more cost-effective and typically results in a greater number of job possibilities (Galvao et al., 2020). The potential for failure will be greater if a BUMDes works alone and only relies on donors.

The creation of prospective areas will reduce the rate of urbanization within a city. Rural residents often opt to establish their own enterprises or participate in BUMDes

(village-owned enterprises) rather than seeking employment in urban regions, where the likelihood of failure is considerably higher. The regional government and BUMDes play a crucial role in community economic empowerment, which is essential for minimizing the migration of unskilled labor to urban areas. Surya et al. (2020) argued that industrialization and modernization are the forces propelling urban growth toward an excessive level. This will draw a large number of individuals, particularly young ones, from rural to urban regions. BUMDes Manager 3 experienced many young adults looking in his village for jobs in urban regions, particularly in Jakarta, and stated the following:

“If we, including the government, ignore it, our villages will be empty, like the phenomenon that occurred in Japan. The young people in this village only have vocational and high school graduates; they are interested in working in Jakarta with higher salaries without realizing that the competition there (Jakarta) is also tight.” (BUMDes 3)

## 5. Conclusions

Regional administrations, as extensions of the central government, have taken steps to strengthen the regional economy. Financial assistance is still a priority for BUMDes, although not all BUMDes receive it. In addition, the regional administration has made efforts to facilitate collaboration between BUMDes and state-owned enterprises or private firms. However, this has proven to be challenging due to BUMDes’ inability to meet the demands of large-scale industries. Joint village-owned enterprises (BUMDesma) could be an alternative to address this problem. BUMDes with similar products/services will be mutually sufficient for meeting the industry’s needs.

Within the “*Synergy and Involvement*” category, BUMDes prefer to engage in partnerships with small and medium-sized enterprises (SMEs) and other BUMDes that are either at the same level or somewhat above in terms of their organizational hierarchy. Establishing equilibrium in this setting is less costly than the proposals for collaboration from major industrial sectors. If all these factors are firmly established, in addition to making a positive contribution to the country’s economy, the increase in unemployment can also be mitigated. Rural communities will see economic advantages, leading to a decrease in their inclination to seek employment in urban regions.

However, BUMDes still require government assistance in order to expand their businesses. In addition to providing financial aid, it is imperative for the government to closely supervise BUMDes in their efforts to explore new economic opportunities in the region. The objective of this circumstance is to prevent inappropriate utilization of corporate resources, such as possible harm to land. Lately, regional administrations have been making additional efforts to update data at the classification level of BUMDes through manual surveys in order to prevent the inclusion of inaccurate information. This collected information plays a key role in mapping the characteristics, level, and potential of BUMDes so that any assistance from the government will be right on target.

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