

(BUMDES). BUMDes Wukirraya is a Bumdes in Wukirsari Village. Bumdes Wkirraya has great potential in developing batik craft-based businesses and cultural tourism. The problem of managerial capacity, low community participation, and minimal business diversification hamper the strategic role of BUMDes. This community service activity aims to identify the main problems faced by BUMDes Wukirraya and design institutional strengthening strategies through a participatory approach. The methods used include observation, interviews, and focus group discussions (FGD) with BUMDes managers, MSME actors, and community leaders. The results show that business management training, facilitation of collaboration between sectors, and active involvement of residents are the keys to strengthening the function of BUMDes. This activity contributes to increasing human resource capacity, entrepreneurial awareness, and the direction of business development that is more strategic and in accordance with local potential.

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INTRODUCTION

Law Number 6 of 2014 concerning Villages provides a strong legal basis for village economic development through the establishment of Village-Owned Enterprises (BUMDes). As a community-based economic entity, BUMDes is expected to be a strategic instrument in realizing village independence through sustainable management of local potential. The role of BUMDes is not only as a driving force for the economy, but also as a medium for empowering village communities in order to improve socio-economic welfare inclusively. In practice, the success of BUMDes is highly dependent on institutional capacity, quality of human resources, and the level of community participation in business planning and management (Murtalingtyas *et al.*, 2023; Ginting & Nawawi, 2022). Previous research confirms that leadership quality, managerial skills, and business innovation are the main keys in supporting the sustainability of BUMDes businesses (Sopanah *et al.*, 2021; Zunaidah *et al.*, 2020). When managed professionally, BUMDes can contribute as a significant source of original village income and become a lever in local economic development based on local excellence and wisdom.

Wukirsari Village in Imogiri District, Bantul Regency, is one of the areas with strong economic and cultural potential, especially in the field of batik crafts and culture-based tourism. This potential is a great opportunity for the development of BUMDes Wukirraya as a local economic motor that can synergize the tourism sector, creative economy, and empowerment of MSMEs. However, initial observations and interviews with managers showed that BUMDes Wukirraya has not been able to utilize this potential optimally. Business activities are still passive, do not have a long-term vision, and have not established strategic partnerships with existing local business actors. Lack of business planning, limited innovation, and weak collaborative networks also hamper the development of adaptive and competitive business units.

Recent literature consistently shows that one of the main causes of the stagnation of Village-Owned Enterprises (BUMDes) performance in various regions of Indonesia is the weakness of a sustainable mentoring system, low managerial capacity of managers, and limitations in reading and responding to changing market dynamics (Hanila, 2019; Baskoro, 2019; Hakim *et al.*, 2025). This condition is exacerbated by the absence of an integrated coaching system between local governments, universities, and local stakeholders who are able to become strategic partners in strengthening



BUMDes institutions. In many cases, BUMDes management is still administrative and not based on the principles of social entrepreneurship that emphasize efficiency, innovation, and sustainability. The absence of long-term business planning, lack of use of digital technology, and the lack of market networks have caused many BUMDes business units to fail to develop or even stop operating.

Therefore, comprehensive and systematic interventions are needed in the form of strengthening human resource capacity, both from technical and strategic aspects. Managerial and entrepreneurial training programs that are adaptive to the local context are an urgent need, not only to improve the ability of managers to run business operations, but also in designing innovative and sustainable business models. In addition, the preparation of business strategies based on identifying the village's superior potential needs to be integrated with a participatory approach so that the community feels ownership and is actively involved in every stage of management (Kartina & Purwoko, 2025; Hadi *et al.*, 2025; Viatra & Putra, 2024). This community participation is key to building the social legitimacy of BUMDes and ensuring business sustainability amidst the social and economic dynamics of the village. This kind of approach is expected to be able to encourage the transformation of BUMDes from merely a village economic institution to a professional business entity that is able to create added value, strengthen the local economy, and contribute to achieving inclusive village development goals based on local advantages.

METHODS

The method used in this community service activity refers to the *Participatory Action Research* (PAR) approach, which emphasizes active community involvement in every stage of the activity. This approach was chosen because it is considered effective in exploring problems contextually while designing collaborative and applicable solutions. The first stage begins with field observations to gain a comprehensive understanding of the actual conditions of BUMDes Wukirraya management. This observation includes identifying business units that are still active, the internal organizational structure of BUMDes, and patterns of interaction between managers and the surrounding community. The next stage is in-depth interviews conducted purposively with village officials, BUMDes managers, batik MSME actors, and community leaders. This interview aims to explore the perspectives and direct experiences of stakeholders regarding the strategic role of BUMDes, the obstacles faced, and the collaborative potential that can be developed.

Focus Group Discussion (FGD) activities are carried out as a participatory dialogue forum involving various elements of the village community to collectively identify key problems, untapped local potential, and to draft an inclusive and sustainable BUMDes development strategy. FGD functions as a forum for consolidating ideas and formulating community-based solutions, resulting in a follow-up plan that is in accordance with real needs in the field. The final stage is the implementation of training and mentoring, which focuses on increasing the capacity of BUMDes managers and local business partners. Training materials include the preparation of BUMDes business plans, basic financial management, and product partnership and marketing strategies. Mentoring is carried out intensively and continuously for two months, with a coaching approach and periodic monitoring to ensure the implementation of knowledge into operational practices. All of these methods are expected to be able to strengthen the governance of BUMDes Wukirraya in a professional, participatory manner, and oriented towards village economic independence based on local potential.

The implementation stages of this community service activity are focused on three main aspects designed to strengthen the institutional capacity of BUMDes in a structured and applicable manner. First, a BUMDes business plan is prepared that is adjusted to local potential and existing market opportunities, including SWOT analysis, financial projections, and short- and medium-term operational strategies. This stage aims to provide a clear strategic direction for the development of BUMDes business units, as well as a planning document that can be used as a reference in decision making. Second, basic financial management training is provided for BUMDes managers, which



includes an understanding of transaction recording, preparation of simple financial reports, and cash flow management. This aspect is important to improve the accountability and transparency of BUMDes finances, as well as support the continuity of a financially healthy business. Third, participants are given material related to partnership and marketing strategies, which are directed at strengthening networks with MSME actors, supporting institutions, and the use of digital platforms to expand market access. These three aspects are not only delivered in the form of training, but are also continued with technical assistance carried out periodically for two months. This assistance includes monitoring the progress of material implementation, evaluating achievements, and providing ongoing input to ensure that the transformation process runs effectively and sustainably.

RESULT AND DISCUSSION

Problem Identification

The results of the *Focus Group Discussion* (FGD) and in-depth interviews involving village officials, BUMDes managers, MSME actors, and community leaders in Wukirsari Village revealed a number of crucial problems that significantly hamper the optimization of the role and function of BUMDes Wukirraya as a village economic institution. The first problem is related to the low capacity of managers in preparing business plans systematically, based on data, and oriented towards the long term. The absence of a comprehensive business plan document causes the direction of business development to lack a strong analytical basis, so that the operational strategies implemented tend to be reactive and unable to respond to the dynamics of market changes adaptively. This makes the business decision-making process less focused and vulnerable to uncertainty.



Figure 1. Wukirraya Bumdes

The second problem is the lack of diversification of business units that are able to answer the real needs of the community and capture growing market opportunities. Business activities carried out by BUMDes tend to be stagnant and do not reflect innovation based on local potential. The lack of exploration of leading sectors such as the creative economy, product digitalization, and culture-based tourism results in limited sources of income that can be generated. The inability of BUMDes to expand its business lines also has an impact on limited contributions to broader village economic development.

The third problem concerns the weak relationship between BUMDes and MSME actors and other business partners in the surrounding environment. Lack of communication, coordination, and strategic cooperation causes the potential for synergy between village economic actors not to be actualized. The absence of integration in the local value chain weakens the position of BUMDes in the village economic ecosystem, even though solid partnerships are needed to encourage inclusive and sustainable growth. BUMDes has not played a role as a collective economic node that can connect local resources with wider markets through productive cooperation networks.

The fourth problem is the low level of community participation in decision-making and monitoring of BUMDes performance. The minimal involvement of residents, especially in village deliberation forums and evaluation processes, results in a low sense of ownership and weak social support for BUMDes operations. This limited participation not only impacts the social legitimacy of the institution, but also has the potential to hinder accountability and transparency efforts that are the basic principles of community-based economic governance. The low level of community involvement also indicates that BUMDes has not been fully seen as an inclusive and participatory empowerment instrument.

The complexity of these problems reflects the need for multidimensional strategic interventions, with a primary focus on strengthening managerial capacity, improving the quality of business planning, developing innovations based on local potential, and establishing a strong partnership network between BUMDes, local business actors, and external institutions. In addition, the strategy of increasing active community participation is also an important key in building legitimacy, increasing public trust, and making BUMDes a representative of a democratic, adaptive, and sustainable village economy. Comprehensive and contextual interventions are urgently needed so that BUMDes Wukirraya can transform into a competitive economic institution and be able to answer the demands of village development holistically.

Empowerment Strategy

Based on the results of the identification of problems faced by BUMDes Wukirraya, the empowerment strategy designed in this activity is compiled through three main stages that are mutually integrated and adaptive to the specific needs of the local community. These three stages aim to overcome the structural and functional weaknesses of BUMDes which include low planning capacity, weak financial governance, and less than optimal partnership relations and marketing strategies. This approach places strengthening the capacity of human resources and managerial systems as the main foundation in encouraging the institutional transformation of BUMDes towards a professional and sustainable village business entity.



Figure 2. Wukirraya Bumdes Empowerment Strategy

The first stage focuses on the participatory preparation of BUMDes business plans. This step is taken to address the main problem of the absence of structured business planning, as well as the low ability of managers to map local economic potential. Through joint training and workshops, participants are guided to prepare business plan documents that include identification of village resource-based business opportunities, SWOT analysis, strategic goal setting, and medium-term operational and financial planning. This process also involves community elements so that the business

plan prepared is not only economically rational, but also has social legitimacy. With a mature business plan, BUMDes is expected to be able to run its business in a focused manner, adaptive to market changes, and competitive.

The second phase includes basic financial management training designed to improve weaknesses in financial management that have been obstacles to achieving efficiency and transparency. Training materials include daily transaction recording techniques, preparing simple financial reports, managing incoming and outgoing cash, and budget planning. This training aims to build the technical capabilities of managers in running an accountable and easily audited financial system. With better financial management, BUMDes will have a strong administrative and financial foundation to expand their business or collaborate with external parties, including financial institutions and potential investors.

The third stage focuses on strengthening partnership and marketing strategies. This stage is designed as a response to the weak collaboration network between BUMDes and MSME actors, as well as limited market access that causes business stagnation. Through this approach, BUMDes managers are equipped with knowledge and skills in establishing strategic partnerships with local business actors, craft associations, and other supporting institutions. In addition, marketing training is provided that includes the use of digital media, product branding, and distribution strategies based on market segmentation. It is hoped that through this step, BUMDes can expand its market reach, increase the added value of local products, and strengthen business competitiveness in a sustainable manner.

The three stages are implemented continuously through an intensive mentoring mechanism for two months. Mentoring is carried out through *coaching sessions*, monitoring achievements, and periodic evaluation of material implementation. This approach not only focuses on knowledge transfer, but also assists managers in the process of direct implementation in the field. With this structured empowerment strategy, it is hoped that BUMDes Wukirraya will be able to strengthen institutional capacity, build a healthy business system, and increase community participation in the process of inclusive and resilient village economic development.

Community Participation

Community participation is a central aspect in this community service activity, in line with the community-based empowerment approach that places villagers not only as objects, but also as subjects of development. This activity specifically encourages the active involvement of residents, especially the younger generation, in the process of designing digital business concepts based on batik and local crafts as an effort to adapt to the development of the creative economy and village digitalization. The younger generation who have relatively higher technological literacy are involved in productive discussions and innovation training, which not only foster a spirit of social entrepreneurship but also strengthen the sustainability of the BUMDes development program in the future.

In addition, community participation in general has increased through the implementation of inclusive village deliberation forums, which serve as a deliberative space to formulate the direction and priorities for developing village business units. Through this forum, residents from various social and economic backgrounds can convey their aspirations, criticisms, and ideas openly, thus creating a sense of collective ownership of the programs being implemented. Community-based training held in various sessions is also an effective means to strengthen social interaction, build networks between local economic actors, and transfer practical knowledge to the community directly and in an applicable manner.





Figure 3. Community Participation

Citizen participation in this activity is not only limited to physical presence, but develops into a form of substantive involvement that contributes to the planning, implementation, and evaluation processes of the program. This participatory approach is expected to strengthen village social cohesion, increase the social legitimacy of BUMDes, and create a more democratic, adaptive, and common interest-oriented village business governance.

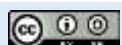
CONCLUSION

Community service activities carried out in Wukirsari Village, especially in strengthening the Wukirraya BUMDes institution, have succeeded in identifying various fundamental obstacles that have so far hampered the optimization of the role of BUMDes as a driver of the local economy. The main findings show that low business planning capacity, weak financial management, lack of partnership networks, and minimal community participation are crucial factors that need immediate intervention. Through a participatory approach, this activity not only reveals problems, but also formulates a more targeted institutional strengthening strategy, namely through the preparation of business plans, basic financial management training, and the development of partnership and marketing strategies based on local potential. The active involvement of the community, especially the younger generation, is an important indicator that the community-based empowerment process has sustainable prospects if developed consistently and inclusively. Therefore, the transformation of BUMDes into a professional and competitive village business entity requires continuous assistance and collaborative multi-sector support.

Based on the results of activities and analysis of implementation in the field, there are a number of recommendations that need to be considered for strengthening BUMDes in the future. First, periodic follow-up assistance is needed by academics or experts, to ensure that the capacity that has been built can continue to develop and be adapted according to local dynamics and market changes. This assistance is also important to accompany the implementation of business plans and periodic evaluation of BUMDes performance achievements.

Second, it is necessary to build strategic partnerships between BUMDes and the private sector, MSMEs, financial institutions, and other supporting institutions. This partnership not only functions as a means of transferring knowledge and accessing capital, but can also open up opportunities for value chain integration and expansion of local product markets. The synergy between these actors is key to creating a sustainable and competitive village business ecosystem.

Third, the development of village business digitalization is an urgent need to improve operational efficiency and expand market reach. The use of information technology, either through digital marketing platforms, application-based financial records, or social media for promotion, can



encourage the transformation of BUMDes towards a more adaptive and responsive business model to the demands of the digital economy. In the long term, this strategy is expected to not only increase the competitiveness of BUMDes, but also strengthen the position of the village economy in supporting inclusive national development based on local potential.

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