



# **Administrative and Financial Management of Village-Owned Enterprises (A Village Official Business Board) in Kotabunan Sub-district (East Bolaang Mongondow District) Kauditan Sub-district (North Minahasa District) Ratahan Sub-district (Southeast Minahasa District)**

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**ABSTRACT:** The choice of research locus in three sub-districts (Ratahan Sub-District in Southeast Minahasa District, Kotabunan Sub-District in East Bolaang Mongondow District, and Kauditan Sub-District in North Minahasa District) refers to previous research indicating that one of the main components of the success of Bumdes in these sub-districts was the capabilities and management patterns of Bumdes funds. The selection of these three sub-districts for this study is based on references from the PNPM Mandiri Ministry of Village data, which show that the BUMDES in these sub-districts are the most developed compared to those in other districts in North Sulawesi. Based on these empirical facts, it is assessed that the results of this research will provide very useful academic recommendations for developing other BUMDES in North Sulawesi. This research will be carried out using qualitative methods. By using this approach, it is hoped that in-depth findings on the success of BUMDES in these three sub-districts can be obtained.

**Keywords:** Administrative and Financial Management, Village-Owned Enterprises (BumDes), Management Patterns, North Sulawesi.

**Received:** 11 May 2025

**Received:** 27 June 2025

**Accepted:** 08 July 2025

## **1. Introduction**

The mandate to establish Village-Owned Enterprises (*BumDes*) for villages by Law of the Republic of Indonesia No. 6/2014 on Villages. Basically, it is a strategic decision made by the Government to encourage the acceleration of village economic growth. The principle is that villages are stimulated to be able to do business like the private sector, by conducting economic business activities by optimizing all the resources they have. The hope of this government decision is that, in turn, there will be many creative villages that are able to independently develop the village economy.

Referring to data from the Ministry of Villages, Transmigration and Disadvantaged Regions, currently there are many *BumDes* that have high revenues of 300 to 500 million per 6 months, and some even have revenues exceeding 1 billion rupiah per 6 months (Kemendes RI, 2022). However, this condition is not yet evenly distributed. The highest revenue *BumDes* are located on the island of Java, with the best revenue at 300 (three hundred) million per month. This is especially true for villages in Central Java and its surroundings. Part of this income is obtained through the management of various tourism potentials owned by them. In contrast, the majority of *BumDes* that are still in the developing and underdeveloped stage are found in other regions outside Java. Nationally, 30% of rapidly developing *BumDes* are located on the island of Java, while 70% of undeveloped *BumDes* are scattered in other provinces outside Java (MoV, 2021).

From the results of previous research 1) it was found that in North Sulawesi, out of 1,839 villages spread across 15 districts/cities, there were only 3 *BumDes* that were the most developed. namely *BumDes* in Atoga village, Motongkad sub-district, East Bolaang Mongondow district, inter-village *BumDes* in East Pasi sub-district, Bolaang Mongondow district, and Utaurano village in North Tabukan sub-district, Sangihe island district (BPMD of North Sulawesi province, 2020). From this study, it was found that the "keyword" of their success lies in the leadership and commitment of the Village Head in the 3 villages.

This research is in principle a follow-up research to research that has been done before. However, if in the previous study the perspective used was the management perspective, then in this study the perspective of *BumDes* financial management will be used. The argument is that financial management issues are often one of the sources of failure in managing *BumDes* activities. The choice of research area this time is intended to expand the reference of mastering the problems faced by *BumDes* in the province of North Sulawesi. In turn, a complete document can then be compiled that contains recommendations for strengthening *BumDes* in North Sulawesi.

On the basis of the empirical facts above, the problem formulation of this research is "How is the financial management of *BumDes* in Kotabunan sub-district in East Bolaang Mongondow district, Kauditan sub-district in North Minahasa district and Ratahan sub-district in Southeast Minahasa district implemented?" The purpose of this research is expected to obtain in-depth data on the "key factors" of successful management of *BumDes* in these 3 sub-districts. Furthermore, the expected benefits of the research are that new findings can be obtained related to management and management issues. Thus, these findings can be used as an academic contribution to strengthen the repertoire of management theories and concepts. Furthermore, the expected practical benefits are that the results of this research can be used as a practical reference for developing other *BumDes* in villages in North Sulawesi.

*BumDes*, which stands for Village-Owned Enterprises, is an establishment run by both the Village Government and the community with the goal of enhancing the local economy. These enterprises are established according to the unique requirements and resources of the village. Essentially, *BumDes* is a versatile business organization that offers assistance to the community in various ways. It not only provides essential goods and services but also creates avenues for business and employment opportunities while also nurturing knowledge and understanding within the local community (Sujarweni, 2019).

According to Regulation Number 11 of 2021, the establishment of Village-Owned Enterprises (*BumDes*) as legal entities by villages or in collaboration with villages is intended to oversee various business operations, asset utilization, investment and productivity development, as well as service provision for the overall well-being of the community within the village. Furthermore, the Government Regulation mentioned above explains that Village-Owned Enterprises (*BumDes*) Business involves the management of economic activities and public services by Village-Owned Enterprises (*BumDes*) in an autonomous manner.

The economic activities mentioned are executed through the management of enterprises, the enhancement of investments, the enhancement of economic output, and the exploitation of the potential in villages (Sumeitri & Destiningsih, 2022). *BumDes* is also given the capability to offer products and services, meeting the overall requirements of the village populace, and overseeing the village food storage facility. From its business activities, the right of *BumDes* to earn profits or net income is intended to contribute to the increase of Village Original Revenue (PAD) and to ensure the optimal development of the village's economic resources.

The provisions of the Minister of Home Affairs Regulation No. 39/2010 regarding Village-Owned Enterprises emphasize that *BumDes* governance must uphold the principles of transparency, accountability, trustworthiness, and rationality. In practice, this entails that financial management should be transparently planned with stakeholder involvement, fully accountable in administrative, technical, and legal terms, accessible to the public for financial oversight, and executed in an efficient, targeted, and controlled manner.

Etzioni (2016) shed light that transparency is generally conceptualized as the principle that provides

opportunities for the public to access information on the operations and structures of a given entity. Although it is frequently linked with openness and disclosure, transparency conveys a broader scope by emphasizing the systematic provision of information across organizational activities (Dwiyanto, 2021). Meanwhile Abdul (2011) states that being transparent means being open and truthful with the public, recognizing that the public deserves to be fully informed about how the government is using its resources and following laws and regulations. Khairudin & Erlanda (2016) state that as a key component in governance, the principle of openness serves to promote the realization of a state administration that is transparent and devoid of corruption, collusion, and nepotism (KKN).

The term 'accountability' is synonymous with the concept of responsibility. In this context, accountability refers to being answerable or being held to task for one's actions. Then, as outlined by Mahsun (2006), accountability can be understood in both broad and specific terms. In a general sense, accountability involves the duty of a trustee (or agent) to offer transparency, present, report, and reveal all actions and tasks they are in charge of to the party requesting the information. Sedarmayanti (2001) point out that the concept of accountability involves being responsible for the outcomes of an organization's efforts in meeting specific goals and objectives, using various checks and balances to ensure regular assessment.

Administratively, being responsible involves fulfilling the duties assigned to you and understanding that you are accountable for the outcomes of your actions. Even if you have the freedom to complete a task in your own way, you are still responsible for the results and may be required to fulfill your obligations (Azheri, 2012). Responsibility denotes the duty to act in accordance with obligations, which involves the exercise of decisions, knowledge, and skills, as well as the requirement to comply with laws and address or compensate for any resulting harm.

Further, Salam in Azheri (2012) defines having the ability to make choices and be guided by the fear of punishment or outcomes is viewed as a mark of maturity. This definition applies well to fund management in any public organization, which is inherently sensitive and susceptible to irregularities. An opaque management style can create psychological burdens for organizational members. Additionally, financial management is intrinsically linked to achieving organizational goals, particularly for profit-oriented entities. Hence, all financial management activities must be conducted with transparency, responsibility, and accountability.

The same applies to the management of *BumDes* funds, because it is related to funds from the state (Village Funds sourced from the APBN), as well as funds from the community (Bawono, 2019). Likewise, the goal is to improve the economic life and original income of the village. Thus, the management of *BumDes* funds will be closely related to issues of transparency, accountability and responsibility. By referring to the framework above, the proposition in this study is "Management of Village-Owned Enterprise Funds in the Kotabunan sub-district of North Bolaang Mongondow district, Kauditan sub-district of North Minahasa district and Ratahan sub-district of Southeast Minahasa district" is related to aspects of Transparency, Accountability and Responsibility.

## 2. Methodology

This study focuses on qualitative research utilizing the qualitative descriptive approach model. The main objective is to summarize and explain different aspects of social reality, highlighting unique characteristics, traits, or models present in certain conditions or phenomena. This format focuses on a particular unit of various phenomena. The data in this study are Primary Data and Secondary Data. Primary data is data that is directly recorded in the field through in-depth interviews and obtained through observations made by the researchers themselves. Meanwhile, secondary data is processed data or officially published data obtained from media news, documentation and archives of other related institutions.

This study utilized two types of data sources to gather comprehensive information. Primary data was obtained through field observations and in-depth interviews conducted with all informants involved in the research. Secondary data consisted of written documents and materials regarding regulations and programs issued by Village-Owned Enterprises in three villages across three sub-districts that served as

the research locations.

The study involved seven key informants who provided essential insights for the research. These informants included the Head of BumDes from each of the three villages representing the three sub-districts within the research area, along with the Secretary of BumDes from the same three villages across the three sub-districts. Additionally, the Secretary General of the Ministry of Villages, Development of Disadvantaged Regions and Transmigration served as a crucial informant, bringing the total number of participants to seven individuals who contributed valuable information to this study.

The main research instrument in this study was the research team, supported by auxiliary tools including a digital recorder, visual recorder, stationery, and a laptop for storing research data. Interview and observation guidelines were developed based on references outlined in the study's propositions.

The method used for gathering data in this study involved conducting in-depth interviews. These interviews were not strictly structured, although some guidelines were still provided for the interview process. Interview activities with informants were carried out in different places, according to the agreement made. Researchers went to visit the sources individually at various locations. The method of data analysis involves the use of triangulation techniques. The information and fresh discoveries gathered are verified through cross-referencing the data, followed by an examination that merges the researcher's understanding with the relevant theory and other theories linked to the study's findings.

The following phase involves analyzing and clarifying the connection patterns among categories, properties, and attributes to establish a network of influential relationships between the phenomena under study. The subsequent action involves interpreting all observed facts in line with the categories, properties, and attributes compiled based on the specified perspective and literature review. Qualitative interpretation also aims to uncover the interconnected patterns among the observed phenomena.

The final step in this part involves making conclusions, which involves developing ideas or theories or specific assumptions based on the way attributes interact. In essence, the conclusion serves as a response to the research issue, demonstrating the relationship between different categories and characteristics.

### 3. Results

This research refers to 3 aspects, namely transparency, accountability and responsibility. The results of this study are as follows. In Kotabunan sub-district, East Bolaang Mongondow district, observations were made of Village-Owned Enterprises in Buyat Tengah village that manage Bubuan Beach tourism objects, in Southeast Minahasa district the Village-Owned Enterprises in Pangu village, East Ratahan sub-district, and in North Minahasa the Village-Owned Enterprises in Kauditan 1 village, Kauditan sub-district.

Village-owned enterprises in Buyat Tengah village have revenues ranging from 3 million to 5 million rupiah per month. This income is still relatively small, but the management of this tourist spot has not yet reached one year. The results of field observations found that there are still many things that must be improved, especially regarding tourism infrastructure which is not yet sufficient. This income is obtained from the entrance fee to Bubuan tourist beach and land rent from traders and food sellers. Circulation between income and expenditure is relatively easy to control by reading the difference between debit and credit figures. The financial situation of the Village-Owned Enterprise is reported to the village head at the beginning of each month and presented every three months at village meetings.

Supporting data on income and expenditure is available in detail and in full. The Village-Owned Enterprise in Buyat Tengah village plans to improve the quality of the dining facilities available, but the process will be adjusted to the income earned. Although the income graph rises slowly, it appears that there is potential for a constant increase in income. Basically, administrative and financial management fulfills the aspects of transparency, accountability and responsibility. However, apart from these three aspects, it was found that the good financial management was also stimulated by the integrity and experience of the *BumDes* managers (Novanda, 2019). All *BumDes* administrators have the desire to optimize all the abilities and experience they have to develop the economy of Buyat Tengah village. This means that this is all done out

of love for their own village.

Meanwhile, in Southeast Minahasa, a *BumDes* was chosen in East Ratahan sub-district in Pangu village. This *BumDes* is named *BumDesMart*. *BumDesMart* was chosen because of its outward appearance, which looks like a professional business place. The *BumDesMart* signboard was made in a very striking color and with a relatively large size. However, it turns out that *BumDesMart* is no longer active. From data collection in the field, it was found that the source of failure was the way the *BumDes* was managed, which was not managed by the village community, but by individuals with a contract system. This is not in accordance with what is stipulated in the laws and regulations set by the Government.

Furthermore, in Kauditan sub-district, North Minahasa district, *BumDes* Maudit in Kauditan 1 village was chosen. This choice was based on the results of a pre-research survey that indicated that *BumDes* Maudit had the potential to have good prospects. The results of field observations found that *BumDes* Maudit has several business units with various activities such as the agricultural sector (coconut and nutmeg), smoked fish business (cakalang fufu), and gordein cloth sales business. Each business is managed by professional business actors in their fields.

*BumDes* Maudit has an annual profit of more than 50 (fifty million) rupiah and contributes to the Village Original Revenue at a rate of 14 (fourteen) to 15 (fifteen) million per year, and is utilized for various village purposes such as the restoration of village offices, providing incentives to the Village Consultative Body, and improving public facilities in the village (results of field interviews with the secretary and supervisor of *BumDes* Maudit on November 7, 2023). Budget management is managed systematically, the management of business units is carried out by business actors with an incentive system using work contracts, with a profit-sharing system that is regulated in detail. Having an account book, there is a financial supervisory element that oversees the financial management of the *BumDes*, and reporting is carried out periodically before the village meeting. Currently, *BumDes* Maudit is one of the pilot *BumDes* in North Sulawesi, as well as an example of a successful *BumDes* in *BumDes* training in *BumDes* Management Guidance in Southeast Sulawesi and North Sulawesi.

#### 4. Conclusions

From the research conducted, it is evident that good fund management is one of the keys to the success of *BumDes* programs. However, it is also evident from this research that transparency, accountability and responsibility are the main aspects that determine the quality of financial management in Buyat Tengah Village *BumDes*, Kotabunan Sub-district, East Bolaang Mongondow Regency and Maudit Village *BumDes*, Kauditan 1 Sub-district, Kauditan Regency, North Minahasa Regency. However, apart from these three aspects, it was also found that the key to successful management of *BumDes* funds is also determined by the integrity and leadership aspects. Managing *BumDes* is considered by the administrators as a form of service to the village community, to develop the village. Managing *BumDes* is not for personal interests and benefits alone. Managing *BumDes* is seen as a devotion to advancing the village economy. The leadership aspect relates to the issue of role modeling. The head of the *BumDes* becomes a social reference for the administrators and the village community. The spirit and values in managing *BumDes* finances are also determined by the leadership quality of the *BumDes* Chairperson.

From this research activity, the following conclusions can be drawn: It is evident that the principles of transparency, accountability, and responsibility are key to the successful management of Village-Owned Enterprise funds. The success of *BumDes* is determined by the foresight in determining the form of activities based on village potential. The new finding of this research is that the successful management of Village-Owned Enterprise funds is also determined by the integrity aspects of the managers as well as the leadership quality of the Village Head and the Director of the Village-Owned Enterprise.

From this research, the following suggestions are proposed: The principles of transparency, accountability, and responsibility should be stipulated in government regulations and become requirements in the establishment and management of *BumDes*. In determining its business activities, the Village-Owned Enterprises should be oriented towards the village's capabilities as well as businesses in the village that

are already running and prospective to be developed. The management of the Village-Owned Enterprise must be villagers who have experience in the field of village empowerment and have strong integrity towards the interests and development of the village.

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