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## PERAN BUMDES IGO ENGA DALAM PENGELOLAAN POTENSI EKONOMI MASYARAKAT DI DESA RERUWAIRERE, KECAMATAN PALUE, KABUPATEN SIKKA

### *THE ROLE OF BUMDES IGO ENGA IN MANAGING COMMUNITY ECONOMIC POTENTIAL IN RERUWAIRERE VILLAGE, PALUE DISTRICT, SIKKA REGENCY*

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#### ABSTRAK

#### Histori Artikel:

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Penelitian ini bertujuan untuk (1) mengetahui apa saja potensi di Desa Reruwairere yang dapat dikelola oleh BUMDes Igo Enga, (2) mengetahui upaya BUMDes dalam mengelola potensi desa dan (3) mengetahui faktor apa saja yang menghambat pengelolaan potensi ekonomi di Desa Reruwairere. Jenis penelitian yang digunakan adalah studi kasus. Pendekatan penelitian yang digunakan deskriptif kualitatif. Sumber data yang digunakan yaitu data primer dan data sekunder, dimana pengumpulan data menggunakan teknik observasi, wawancara, dan studi dokumentasi. Teknik analisis data yang digunakan menurut Helaluddin dan Wijaya, yakni reduksi data, display data, dan kesimpulan. Hasil penelitian menunjukkan potensi yang dapat dikelola BUMDes yakni potensi perikanan dan pariwisata. Upaya yang dilakukan oleh BUMDes dalam meningkatkan kesejahteraan masyarakat adalah dengan pembentukan koperasi simpan pinjam yang sudah meningkatkan kesejahteraan masyarakat. Upaya lain yang sedang di upayakan oleh pengelola BUMDes adalah perencanaan desa wisata dan produk ikan kering yang belum dikembangkan karena terdapat beberapa faktor penghambat. Faktor penghambat tersebut antara lain terdapat beberapa masyarakat yang tidak mendukung kegiatan BUMDes, belum adanya tenaga profesional, kurangnya pemahaman masyarakat mengenai BUMDes, serta terbatasnya sarana dan prasarana seperti air dan akses jalan.

**Kata Kunci:** Pengelolaan Potensi Ekonomi, Kesejahteraan Masyarakat

#### ABSTRACT

*This study aims to (1) know what the potential in Reruwairere village that can be managed by BUMDes Igo Enga, (2) know the efforts of BUMDes in managing the potential of the village and (3) know what factors hinder the management of economic potential in Reruwairere Village*

*The type of research used is a case study. The research approach used is descriptive qualitative. The data sources used are primary data and secondary data, where data collection using observation techniques, interviews, and documentation studies. Data analysis techniques used by Helaluddin and Wijaya, namely data reduction, data display, and conclusions.*

*The results showed the potential that BUMDes can manage, namely the potential of Fisheries and tourism. Efforts made by BUMDes in improving the welfare of the community is the establishment of savings and loan cooperatives that have improved the welfare of the community. Another effort that is being pursued by the BUMDes manager is the planning of tourism villages and dried fish products that have not been developed because there are several inhibiting factors. The inhibiting factors include some communities that do not support BUMDes activities, there is no professional power, lack of public understanding of BUMDes, as well as limited facilities and infrastructure such as water and road access.*

**Keywords:** *Management Of Economic Potential, Community Welfare*

## 1. INTRODUCTION

In an effort to manage the community’s economic potential, the village government established Village-Owned Enterprises (Badan Usaha Milik Desa or BUMDes), which aim to empower all economic resources of the community to improve their welfare. BUMDes is a form of business entity whose capital is wholly or partly owned by the village through direct capital participation derived from the village’s assets and potential (Suleman, 2020:3).

The establishment of BUMDes can be a new step in enhancing regional economic development. BUMDes is expected to become a driving force for economic activities in the village, functioning both as a social and commercial institution. As a social institution, BUMDes prioritizes the interests of the community through its contribution to providing social services, while as a commercial institution, BUMDes aims to generate profits to increase the village’s income (Ishan, 2018:3). As a social institution, the functions of BUMDes must be interconnected and form a unified system in which each element cannot stand alone (Malelak et al., 2020:4).

The BUMDes in Reruwairere Village has been established since 2015, with several types of activities carried out, including:

**Tabel 1. 1**  
**Types of Empowerment Activities in Reruwairere Village in 2020**

No	N	Activity Name	Type of Activity
1		Financial Independence	Savings and Loan Group (KSP)
2		Service Sector	Three-Wheeled Motor Vehicle and Sound System
3		BRILink Agent	Cash withdrawals, transfers, balance inquiries, BPJS payments, and tax payments

*Source: LPJ BUMDes Igo Enga, Desa Reruwairere, 2020*

Table 1.1 above shows that there has not been any empowerment activity related to the management of potential resources from fishermen’s catches, even though in Reruwairere Village, the main potential resource that can be developed is the fishermen’s catch. Based on interviews with the Head of BUMDes, it was found that there are 21 fishermen groups whose total catch, when calculated on a per capita basis, generates an annual income of IDR 5,400,000.

The empowerment efforts by BUMDes to support fishermen have so far included providing low-interest loans, supplying marine engines, fishing nets, and other fishing equipment. However, the management of fishermen’s catch potential in the village has not yet been organized and developed by BUMDes, resulting in the fish catches being used solely for local consumption. This issue has drawn the researcher’s interest to further investigate the management of local potential in Reruwairere Village. Properly developed, local resource management can create added value for the community and contribute to improving the welfare of the village residents.

## 2. LITERATURE REVIEW

### 2.1 Village-Owned Enterprises (BUMDes)

According to the Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration (Permendes PDPTT) Number 4 of 2015 Article 1 Paragraph 2, BUMDes is a business entity whose capital is wholly or largely owned by the village through direct investment originating from separated village assets, established to manage assets, service provisions, and other businesses for the maximum welfare of the village community. Furthermore, the Regulation of the Minister of Home Affairs Number 39 of 2010 concerning Village-Owned Enterprises states that BUMDes is a village enterprise established by the village government, in which the ownership and management of capital are carried out jointly by the village government and the community.

The establishment of BUMDes, as stipulated in Permendes PDPTT Number 4 of 2015 Article 2, is intended to accommodate all activities in the economic sector and/or public services managed by the village

and/or through inter-village cooperation. The formation of BUMDes aims to facilitate the management of substantial regional funds in the future. Villages may find it difficult to manage these funds without the assistance of BUMDes. BUMDes acts as a driving sector for new industries and accelerates economic improvement for the people. It also helps manage funds from both central and regional governments to make them more beneficial for the local economy and basic public services (Bawono and Setyadi, 2019:141). There are three key points in establishing BUMDes for village development (Nainggolan and Sipahutar, 2020:9–10):

1. BUMDes as a business entity — its purpose is not merely to seek profit but also to serve the community as an extension of the village government (PEMDes) and to make efforts to empower the community and stimulate the village economy.
2. BUMDes must not take over existing economic activities carried out by the community, but instead create new ones, add value, or synergize with existing economic activities already undertaken by village residents.
3. BUMDes as a form of social transformation, functioning as a business institution established to solve social problems by creating value, managing potential and assets, and providing maximum benefits to the community.

## **2.2 Production Theory**

In several economics textbooks, production is often defined as an activity aimed at creating utility. In this context, utility refers to the usefulness or the ability of goods and services to satisfy human needs. Generally, production can be understood as the transformation of inputs (goods purchased by a company) into outputs (goods sold by the company) (Khusaini, 2013:67).

In the process of carrying out production activities, according to production theory, several production factors are required to support the continuity of these activities. The main production factors generally include capital, labor, skills or expertise, and natural resources (Suleman et al., 2020:25).

According to Sjaroni et al. (2019:97), production activities also have the function of creating and increasing the usefulness of goods to fulfill the demand for goods and services to be sold or marketed. For this purpose, production requires the following factors:

1. Primary production factors: nature and labor
2. Derived production factors: capital and expertise

According to Sudrajakat and Suwaji (2018:77–78), production is not only the transformation of various inputs or resources into outputs in the form of goods and services. Production refers to all activities involved in producing goods and services — from borrowing funds to build or expand production facilities, hiring labor, purchasing raw materials, conducting quality control, cost accounting, and other related processes. The output of a company can be final commodities (ready-to-use products) or intermediate products. Besides goods, output can also take the form of services. In production, there is also a production organization, which consists of the following elements:

1. Inputs are various resources used in the production of goods and services. Inputs are classified into labor (including entrepreneurial talent), capital, and land or natural resources. Inputs are also divided into fixed inputs and variable inputs.
2. Fixed inputs are those that cannot be easily changed within a certain period without incurring significant costs. Examples of fixed inputs include factories and equipment, which require considerable time and investment to build or expand.
3. Variable inputs are inputs that can be easily and quickly adjusted or modified. Examples of variable inputs include most unskilled laborers (workers).

## **2.3 Marketing Theory**

The marketing concept assumes that the key to achieving organizational goals is to be more effective than competitors in creating and communicating superior customer value to selected target markets (Sukoco, 2018:9).

According to Hair et al. (2001), marketing is an overall system of business activities directed at planning, pricing, promoting, and distributing goods and services that satisfy the needs of both existing and potential buyers (Manullang and Hutabarat, 2016).

There are several fundamental concepts in marketing (Butarbutar et al., 2020:3–6):

1. The Concept of Needs, Wants, and Demands

Needs refer to the state of feeling deprived of something essential. When a need is not fulfilled, consumers feel a sense of loss and dissatisfaction. Marketing identifies such opportunities by discovering, creating, or developing products that can fulfill these needs.

Wants are human needs shaped by culture and individual personality. As societies evolve, consumer wants also develop and become virtually unlimited.

Demands are wants supported by consumers' purchasing power. Consumers with unlimited wants but limited resources will choose products that they believe provide the greatest benefit and satisfaction within their purchasing ability.

For these three core concepts, businesses and marketers strive to identify and understand consumers' needs, wants, and demands in the market, often investing substantial resources to do so.

#### 2. The Concept of Product as a Means of Satisfying Needs and Wants

A product is anything that can be offered to the market for attention, acquisition, use, or consumption to satisfy a need or want. Products may take the form of physical objects, services, people, organizations, places, or ideas. The greater the product's ability to fulfill consumer wants, the more successful the marketer and company will be.

3. The Concept of Customer Value. Customer value is seen as the gap between the value a customer perceives when choosing and using a product and the cost incurred to obtain it. Value represents the customer's expectations of a product's performance in satisfying their needs and wants.

#### 4. The Concept of Customer Satisfaction

Customer satisfaction refers to the degree to which a product's performance meets or exceeds the buyer's expectations. Buyers are satisfied when the product's performance matches or surpasses their expectations. Satisfied consumers often become a medium of promotion by sharing their positive experiences with others.

5. The Concept of Quality. Quality is closely related to product performance and customer satisfaction. The perceived quality of a product directly influences customer evaluations of the brand. Customers' satisfaction or dissatisfaction with a product depends largely on the quality they personally experience.

#### 6. The Concept of Exchange, Transaction, and Relationship

Exchange occurs when individuals make decisions to fulfill their needs and wants by trading something of value with others. This concept emphasizes that marketing is not merely about selling but about building mutually beneficial relationships through value exchange.

## 2.4 Village Potential Management

Village potential refers to all natural and human resources owned by a village as fundamental capital that needs to be managed and developed for the sustainability and advancement of the village (Metanfanuan et al., 2021:3).

Village potential itself is the power, strength, capacity, and ability possessed by a village that can be developed to improve community welfare. According to Masrurroh and Parmono (2018:3), village potential can be classified into two categories:

- a. Physical potential, which includes land, water, climate, geographical environment, livestock, and human resources.
- b. Non-physical potential, which includes the community and its social interactions, social institutions, educational institutions, village organizations, and the village administration apparatus.

Furthermore, according to Sholeh (2017), as cited by Metanfanuan et al. (2021:13-14), village potential can be divided into the following types:

#### 1. Natural Resources

The natural resources owned by villages include vacant land, rivers, rice fields, plantations, forests, and mountains, many of which have not yet been optimally utilized.

#### 2. Human Resources

The potential of human resources in the village includes the availability of labor, health workers, agricultural cadres, and adequate human resource capacity.

#### 3. Social Resources

The social resource potential of villages can be seen from the presence of various community institutions such as Village Community Empowerment Institutions (LPM), farmer groups (Gapoktan), religious study groups, social gatherings (arisan), savings and loan groups, integrated health service posts (Posyandu), youth organizations (Karang Taruna), and others.

#### 4. Economic Resources

The economic resource potential of villages includes agricultural land, plantations, and work equipment such as livestock and fisheries. The management of village potential is carried out through village development. According to Law Number 6 of 2014 on Villages, Article 1 Paragraph 8, village development is defined as efforts to improve the quality of life and livelihood for the maximum welfare of the village community. In addition to development, community empowerment is also essential to ensure that village residents actively participate in and benefit from these initiatives.

### 2.5 The Concept of Community Welfare

Social welfare is an organized process of activities aimed at improving the standard of living of the community so that basic needs are fulfilled and life becomes better than before (Listyaningsih and Alansori, 2020:52). According to Ismail (2012:44), welfare refers to a condition that describes a prosperous community life characterized by a certain standard of living. A prosperous community is one whose material and social needs are adequately fulfilled—this forms the essential context of welfare.

According to Fahrudin (2012), the objectives of social welfare are as follows:

1. The achievement of a prosperous community life, meaning that society is able to meet basic living standards such as food, clothing, housing, health, and harmonious social relations within their environment.
2. The attainment of better social adjustment, particularly through efforts to explore, enhance, and develop living standards that align with the needs and characteristics of the community.

In addition to these objectives, social welfare also has several key functions, as explained by Fahrudin (2012):

1. Preventive Function of Social Welfare: This function aims to strengthen relationships among families, individuals, and communities to prevent the emergence of new social problems. In transitional societies, prevention focuses on activities that help shape new patterns in social networks and institutions.
2. Curative (Restorative) Function of Social Welfare: This function focuses on eliminating physical, emotional, and social weaknesses so that individuals facing problems can function normally in society again. Rehabilitation is also part of this function.
3. Developmental Function of Social Welfare: This function involves contributing, directly or indirectly, to the development or enhancement of social systems and other social resources within the community.
4. Supportive Function: This function encompasses activities that assist in achieving the goals of other social welfare service sectors.

According to the Central Statistics Agency (Badan Pusat Statistik or BPS), welfare is a condition in which the physical and spiritual needs of a household are met in accordance with its living standards. To measure human welfare, several indicators can be used (Fahrudin, 2012):

1. Income: Income or earnings are indicators that can reflect community welfare. Income refers to the total cash received by an individual or household within a certain period (usually one year), which includes labor income, property income such as rent, interest, and dividends, as well as government benefits.
2. Housing and Settlements: In addition to being a basic human need, housing plays a strategic role as a center of family education and in improving the quality of future generations. Moreover, housing is a determinant of public health; a healthy and comfortable home supports the physical and mental well-being of its residents.
3. Education: Education is a fundamental human right and a right of every citizen to develop their potential through learning. Every Indonesian citizen has the right to quality education according to their interests and talents, regardless of social status, economic background, ethnicity, religion, or geographic location.
4. Health: Health is both an indicator of population welfare and a measure of development success. Unhealthy communities face difficulties in achieving well-being. Therefore, health development and related initiatives should reach all levels of society without discrimination. Health serves as a welfare indicator and can be observed through the community's ability to access healthcare services and afford necessary treatments and medications.

### 3. RESEARCH METHOD

The type of research used in this study is a case study. A case study is an in-depth exploration of a bounded system based on extensive data collection (Fitrah and Luthfiyah, 2017:37). This case study employs several methods, including interviews with the Head of Reruwairere Village to identify potential areas for development in the village; field observations conducted at BUMDes Igo Enga to understand which potentials have already been managed by the BUMDes; and documentation related to the issues being studied. The researcher then processes the data obtained from interviews, observations, and documentation, and draws conclusions through a narrative description. The research approach used is descriptive qualitative, with the following research focuses: 1) identifying the economic potential that can be managed by BUMDes in Reruwairere Village, 2) examining the efforts of BUMDes Igo Enga in managing economic potential, and 3) analyzing the factors that hinder the management of economic potential in Reruwairere Village.

The types and sources of data used in this study consist of qualitative and quantitative data, derived from primary and secondary sources. The quantitative data include the village profile and the types of existing economic potential, while the secondary data include BUMDes management accountability reports. The primary data are obtained from interviews with informants, including the Head of Reruwairere Village, the Director of BUMDes Reruwairere, the BUMDes managers and supervisors, community leaders, and local residents who are BUMDes consumers. Data collection techniques are carried out using three methods: observation, interview, and documentation study (Rujakat, 2018).

The research informants include the Head of Reruwairere Village, the Director of BUMDes Igo Enga, community leaders, BUMDes Igo Enga managers and supervisors, as well as BUMDes consumers. The selection of research informants uses a purposive sampling method. The data analysis technique used follows Helaluddin and Wijaya (2019), consisting of three stages: data reduction, data display, and conclusion drawing.

### 4. RESEARCH RESULTS AND DISCUSSION

#### 4.1 Research Result

##### 4.1.1 Economic Potentials That Can Be Managed by BUMDes Igo Enga

Based on the Village Medium-Term Development Plan (RPJMDes) of Reruwairere for 2019–2025, there are two main economic potentials that can be managed by BUMDes Igo Enga, namely fisheries and village tourism.

##### a. Fisheries

Based on the data on livelihoods in Reruwairere Village, approximately 12.68% of the population work as seasonal fishermen. The fishing tools used are still relatively simple, such as fishing rods, nets, and traditional spear tools. The following table presents the types of marine commodities caught by the fishermen of Reruwairere Village:

**Tabel 4. 1**

**Marine Commodities of Fishermen in Reruwairere Village (2021)**

Fishing Area	Northern coast of Ende Regency, Nagekeo Regency, and the northern part of the Flores Sea
Types of Fish	Tuna, mackerel tuna, snapper, trevally, skipjack, and mackerel
Catch Volume	52.000 fish per year

Source :Interview Results, 2021

The fishermen’s catch shown in Table 4.1 was obtained from an interview with Mr. Yohanes Laba, a fisherman and BUMDes customer. When asked about the number of fish caught by fishermen, he stated: *“In one month, if the weather is good, we can catch around 200 fish. But we don’t go fishing for the whole month. We are also seasonal fishermen, so whether we go out to fish depends on the weather.”*

The total fish catch was calculated based on 26 working days × 10 months × 200 fish caught per month, resulting in a total catch of 52,000 fish per year. To further improve their fishing productivity, fishermen take loans from the BUMDes cooperative. Based on an interview with Mrs. Petronela Nona, the head of the financial business unit, she stated:

*"We already have members in the cooperative business unit. They come from fishermen groups. The BUMDes provides loans to these groups with low interest rates, with the hope that after they borrow, they will use the funds for their fishing needs so that their catch can help improve their standard of living. There are 21 fishermen groups that are part of the savings and loan cooperative."*

When asked about how the loan was used, one of the fishermen and a member of the savings and loan cooperative, Mr. Simon Enga, stated:

*"The money I borrowed from the BUMDes was used to buy wood for making a small fishing boat, as well as to buy lead weights and fishing nets."*

The fishermen in Reruwairere Village still lack proper fishing facilities, even though they have taken loans. They only have motorboats and basic fishing equipment but do not have storage containers such as fish boxes that can preserve their catch for an extended period. As a result, most of their catches are sold directly at the final fishing locations where they land.

#### b. Tourism Village

In addition to fisheries, tourism is another potential sector that can be developed in Reruwairere Village. Tourism potential must have strong attractions, whether natural, socio-cultural, or historical. In Reruwairere Village, the main attraction of the tourism area is the seaside hot spring. There are also several tourism sites that have not yet been promoted, such as the geothermal hot spring (Vuramola) in Wedha Wae, the steam distillation site in Wae Adhe, and the hot spring (Poa or Longa).

Tourism villages represent one of the key potentials that can be developed to provide direct benefits and contributions to the local community. Based on an interview with Mr. Bertolomeus Sosu, the head of the tourism business unit, he stated:

*"The BUMDes already has plans to develop a tourism village. The plan also includes building homestays so that visitors who come for tourism can stay overnight. However, there are still challenges with infrastructure and facilities such as electricity, water, and road access."*

The management of the tourism village has already been included in the Village Medium-Term Development Plan (RPJMDes) for 2019–2025; however, it has not yet been implemented by the local government. Based on an interview with Mr. Avelinus Wongga, the Head of Reruwairere Village, when asked about the factors that hinder the development of village potential, he stated:

*"The management of economic potential in Reruwairere Village, particularly in relation to dried fish products and the tourism village, has not yet been carried out due to the lack of professional personnel. Therefore, up to now, it remains only a plan without any follow-up action."*

Based on the Village Medium-Term Development Plan (RPJMDes) of Reruwairere for 2019–2025 and the results of interviews, it can be concluded that there are two main potentials in Reruwairere Village, namely in the fisheries sector and the tourism village sector. According to the interview findings, fishermen have taken loans from the BUMDes cooperative to increase their total catch; however, despite having access to these loans, fishing facilities remain inadequate. Furthermore, the tourism village potential has already been planned but has not yet been followed up by the local government due to the absence of professional personnel. In addition, there are infrastructure challenges such as poor road access, limited electricity, and insufficient water supply. This indicates that not only has the potential of fishermen's catches not been fully developed, but the tourism village potential has also yet to be managed and developed by the BUMDes administrators.

#### **4.1.2 Efforts of BUMDes in Managing Village Potential to Improve Community Welfare**

BUMDes Igo Enga, in its efforts to improve the welfare of the community, has provided facilities for work groups through a savings and loan program. Regarding efforts to enhance community welfare in Reruwairere Village, the Head of Reruwairere Village, Mr. Avelinus Wongga, stated:

*"In Reruwairere, assistance has already been provided to support the community's economy through the cooperative operating under the management of BUMDes Igo Enga."*

This statement is consistent with the explanation given by Mrs. Petronela Nona, the head of the financial business unit, when asked about efforts to improve BUMDes operations. She stated:

*"We already have members in the cooperative business unit. They are from fishermen groups. The BUMDes provides loans to these groups with low interest rates, with the hope that after borrowing, they will use the funds for their fishing activities so that their catch can help improve their standard of living. There are 21 fishermen groups that are part of the savings and loan cooperative."*

The statements from Mr. Avelinus Wongga, the Village Head, and Mrs. Petronela Nona, the Head of the Financial Business Unit, are supported by the remarks of Mr. Fidelis, a community leader, who stated:

*"I highly appreciate the village government's policy that seeks to seize the golden opportunity of establishing BUMDes as one of the flagship programs to empower the community in meeting their needs across various aspects of life. What we, the community, understand and value is the management of development funds for public welfare—particularly the Anggur Merah program—which was transformed into a savings and loan cooperative as a well-planned and executed initiative to uplift people who have been disadvantaged due to a lack of knowledge, guiding them toward independence and prosperity."*

The efforts to improve community welfare through the BUMDes cooperative have already been felt by the members involved. Based on an interview with one of the members of the savings and loan cooperative, when asked about the welfare benefits experienced as a BUMDes member, Mr. Donatus Ngaji, a fisherman and BUMDes customer, stated:

*"During my time as a member of the Savings and Loan Cooperative, the loan process from BUMDes has never been difficult for us. We feel greatly helped, as the money we borrow is used to buy fishing nets and lead weights. Also, since I have children in school, part of the loan is used to pay their school fees."*

This statement is also consistent with the remarks of Mr. Albinus Ware, a fisherman and BUMDes customer, who stated:

*"The benefit of being a BUMDes member is that the money I borrow can also be used for other purposes, such as going for medical treatment at the community health center, so I no longer need to borrow from my neighbors."*

There is also a statement from Mr. Ege Sawu, a fisherman and BUMDes customer, who said:

*"I can really feel the difference before and after becoming a BUMDes member. At home, we feel helped — even though it's not a large amount, it really helps us buy rice and other household necessities. It also helps a lot with our children's school expenses. I hope this BUMDes continues to operate in the future."*

In addition to the savings and loan program, the village administration has also made efforts to improve community welfare by planning to open new business units. This was confirmed by the Director of BUMDes, Mr. Kristoforus Ngajo, when asked about strategies to develop BUMDes operations in Reruwairere Village. He stated:

*"We plan to open new business units that align with the existing potential in the village. BUMDes has plans to develop a tourism village, including building homestays so that visitors who come for tourism can stay overnight. However, there are still challenges related to infrastructure and facilities. BUMDes also plans to develop a dried fish product business. We intend to collaborate with fishermen — we'll buy their fish, and then BUMDes will process them into packaged dried fish for sale. The plan for this dried fish product has been in place since last year, but it has not yet been implemented because most fishermen catch fish outside Palue Island, and when they return, they sell or consume the fish themselves. The plans for developing the tourism village and dried fish products are scheduled to be socialized to community leaders and fishermen this coming November."*

Based on the interview results above, the researcher concludes that the efforts of the village administration in Reruwairere Village to manage its local potential include the establishment of a savings and loan cooperative under the management of BUMDes, which has been operating since 2015. Another effort currently being planned by the village administration is the development of new business units, namely a tourism village and a dried fish product enterprise.

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#### **4.1.3 Factors Inhibiting the Management of Economic Potential in Reruwairere Village**

Village potential refers to natural and human resources that serve as the fundamental capital to be managed and developed for the progress of the village. Therefore, these potentials must be developed to increase community income. Based on the interview results, several factors have been identified as obstacles to managing the economic potential of Reruwairere Village. The Head of Reruwairere Village, Mr. Avelinus Wongga, stated:

*"There are several community groups that are apathetic toward supporting BUMDes initiatives. For now, some residents are not yet willing to join BUMDes; they only enjoy the benefits of its activities without participating in its operations. However, there are already community members who have joined the cooperative unit. In addition, there are still challenges in managing the village's economic potential, particularly in developing dried fish products and the tourism village. Although the plans have been made, they have not yet been implemented due to the lack of professional personnel."*

There are also other factors, as explained by Mrs. Reynelda, the supervisor of BUMDes Igo Enga, when asked about the obstacles in managing the economic potential in Reruwairere Village. She stated:

*"There are challenges and obstacles related to the community's understanding of BUMDes operations because the human resources in our village are still limited. Since we live in a rural area, people's comprehension is also lacking. So far, BUMDes customers have complained about the sound system business unit because it has stopped operating. The person in charge of managing it was not responsible, resulting in no income for BUMDes, while expenses for sound system repairs still existed. Due to many complaints from the community, the sound system unit has been discontinued because it no longer generates income. The community has also suggested that the funds be used for other productive activities instead."*

Human resources play a crucial role in achieving desired goals. In the process of managing village potential, human resources are highly essential — not only the village community but also the BUMDes administrators and everyone involved in managing these potentials. With a sufficient number of skilled human resources, the management process can be carried out effectively.

Another inhibiting factor was mentioned by the BUMDes treasurer, Mr. Stefanus Sosu, who stated:

*"Because we live far from the city center, we face difficulties with infrastructure and facilities. There is potential in the village, but the facilities and infrastructure are lacking — such as water, electricity, and road access. These also become obstacles to the development of the Tourism Village."*

Based on the interview results, it can be identified that several factors hinder the management of economic potential in Reruwairere Village. These include a lack of community support for BUMDes activities, the absence of professional personnel, limited community understanding of BUMDes, and inadequate infrastructure and facilities. The community's limited understanding of BUMDes is largely due to insufficient socialization and outreach from the village administration. Furthermore, based on the education level statistics in Reruwairere Village, most residents are only elementary school graduates. The lack of infrastructure and facilities—such as water supply, electricity, and road access—is also caused by the village's geographical location, which makes it difficult to reach and access by the wider community.

## **4.2. Discussion**

### **4.2.1 Economic Potentials That Can Be Managed by BUMDes Igo Enga**

Village potential refers to the power, strength, capability, and capacity possessed by a village that has the possibility to be developed in order to improve community welfare (Masruroh and Parmono, 2018:3). According to Bawono and Setyadi (2019:136), optimizing village potential can be achieved through several activities as follows:

#### **1. Fisheries**

This potential is expected to address common economic problems in villages, such as an uncondusive business climate, limited access to information and markets, low productivity due to limited technological knowledge, capital constraints, and a weak entrepreneurial spirit. The findings indicate that the facilities for fishing are still inadequate, as the community only has small wooden boats and simple fishing equipment such as nets, resulting in minimal catches.

The total catch is also affected by unstable weather conditions, as found in the study by Khalfianur et al. (2017), which showed that weather conditions greatly influence fishing operations. Based on this comparison, it can be concluded that the management of fishery potential is not only influenced by fishing facilities but also by weather conditions, which cause a decline in total catch and fishermen's income.

#### **2. Tourism**

The development of village tourism can boost the local economy and improve access to essential infrastructure. Such development is crucial to enable competition with other tourist destinations that showcase natural beauty, considering that Indonesia has vast regions, each with its own unique charm. To achieve optimal results, village tourism must be supported by adequate facilities and human resources. These facilities may include road access and transportation availability, accommodation, and other amenities at tourist sites. Additionally, attention should be given to comfort and safety facilities to ensure that visitors feel secure and at ease. The environmental aspects of the tourism area must also be considered to maintain sustainability and prevent negative impacts on the local community.

Research findings show that one of the obstacles in managing village tourism is the limited availability of infrastructure such as electricity, water, and road access, as well as the absence of professional personnel to manage the tourism activities. Regarding electricity, the Sikka Regency Government built a Solar Power Plant (PLTS) in December 2021, which means electricity is no longer a major issue in developing the tourism village.

The next issue concerns water. Due to the geographical location of Reruwairere Village on the coast, the water in the area has a high salt content. The main water sources come from wells located in specific hamlets, so the village government and BUMDes must provide water storage tanks for managing the tourism area. The stored water must be obtained from other villages with wells located farther inland, where the water has lower salinity levels. Regarding road access, tourists from within Palue Island can still reach the area easily; however, for those coming from outside Palue Island, access remains difficult. This is because Palue Island is far from the capital of Sikka Regency, requiring about four hours of travel by motorboat. Moreover, motorboat schedules are limited to once a day, with only four local motorboats and one ferry operating, making it difficult for tourists from outside Palue Island to reach the village tourism site.

The findings of this study are consistent with the research conducted by Muhammad Ash-Shiddiqy, who found that Rompo Village has strong potential in natural resources, social resources, capital resources, strategic location, and village assets that can be developed into BUMDes business units. However, these potentials have not been fully utilized as business opportunities by BUMDes Sinar Pantai in Rompo Village due to weaknesses in the human resources entrusted to manage it. The most dominant HR issue is that the administrators lack the competence to manage business operations. From both the current findings and previous studies, it can be concluded that many village potentials have not yet been effectively managed by BUMDes.

#### **4.2.2 Efforts of BUMDes in Managing Village Potentials to Improve the Welfare of the Village Community**

Based on the research findings, it was discovered that community members who joined the savings and loan cooperative have begun to experience positive changes after becoming members, particularly in meeting their daily needs, healthcare, housing, and education.

This research aligns with previous findings by Dewi Kirowati and Lutfiyah Dwi S (2018), which showed that the BUMDes savings and loan business unit helps improve the welfare of the population. Based on both the current and previous research findings, it can be concluded that the savings and loan cooperative contributes significantly to enhancing community welfare.

Another effort currently being planned by the village administration to manage the potential in Reruwairere Village includes the establishment of new business units, namely a tourism village and dried fish products. The planned management involves the provision of homestays for the tourism village and the processing and marketing of dried fish products. In managing these village potentials, several aspects must be considered as follows:

1. Tourism Village

The development strategy for a tourism village requires capital and various forms of support that can attract visitor interest. Therefore, efficient and organized management is crucial. Facilities and utilities that need to be developed in the tourism area include clean water, public restrooms, electricity, road access, resting and shelter areas, places of worship, and food and beverage stalls. In addition, a health unit and first aid facilities are needed to provide assistance if visitors fall ill. To maintain cleanliness in the tourism area, BUMDes or the management must also provide trash bins at multiple points throughout the area.

2. Dried Fish Products

The production process, in accordance with production theory, requires several production factors that can support its sustainability. In general, these include capital, labor, skills or expertise, and natural resources (Suleman et al., 2020:25). From the research findings, it was revealed that the natural production factor—namely fish catches—is already available; however, there is still a lack of professional labor, which has delayed the implementation of this plan.

The production of goods and services also requires determining the target market. According to Hair et al. (2001), marketing is an overall system of business activities aimed at planning, pricing, promoting, and distributing goods and services that satisfy the needs of both existing and potential buyers (Manullang and Hutabarat, 2016). Therefore, these aspects must be considered by the village administration and BUMDes management in the process of developing village potentials.

The findings show that BUMDes' efforts in managing village potentials have been implemented in the public service sector through the establishment of a savings and loan cooperative, which has been operating since 2015 and continues to run to this day. Other initiatives being planned by the village administration and BUMDes management include opening new business units, namely a tourism village and dried fish products.

This study is consistent with the findings of Dida Rahmadanik (2018), which revealed that BUMDes in Cokarlombang Village still operates only in the savings and loan sector and has not yet developed its existing village potentials. The current research findings also show similar results, where efforts to improve community welfare are still limited to the operation of the savings and loan unit. This limitation is due to the absence of professional personnel to manage the existing potentials, as well as inadequate infrastructure such as road access and water facilities.

#### **4.2.3 Inhibiting Factors in Managing Economic Potential in Reruwairere Village**

The research findings identified several inhibiting factors in managing the economic potential of Reruwairere Village, including the lack of community support for BUMDes activities, the absence of professional personnel, limited community understanding of BUMDes, and inadequate facilities and infrastructure.

This situation arises because some community groups remain apathetic toward BUMDes activities. These groups formed due to disagreements with the elected village head, whom they perceive as not fulfilling their expectations. Therefore, the village head must continue to carry out community outreach and socialization programs to explain the benefits of government and BUMDes initiatives to the local population.

Another obstacle is the absence of professional personnel to support the management of village potential, which results from a lack of understanding and knowledge regarding the importance of proper management, planning, and implementation of BUMDes activities. Hence, it is necessary to provide training programs on how to develop and manage BUMDes operations for its administrators. According to the Indonesian Dictionary (KBBI), a professional is someone who is skilled in carrying out tasks within a specific profession. The professional personnel needed by BUMDes Igo Enga are individuals capable of managing production processes up to the marketing stage. Currently, BUMDes Igo Enga does not yet have administrators with expertise in these areas.

The community's understanding of the role and benefits of BUMDes is still limited and not yet comprehensive among villagers, due to insufficient in-depth socialization from BUMDes management regarding its role in improving community welfare. Furthermore, there are constraints in infrastructure such as electricity networks, water supply, and road access, mainly due to the village's geographical location far from the city center. However, the electricity issue has been resolved by the Sikka Regency Government in December 2021 through the construction of a Solar Power Plant (PLTS) in Palue District, which now serves seven villages, including Reruwairere.

These findings are consistent with the study conducted by Elsi and Bafadhhal (2019), which showed that the community's understanding of the role and benefits of BUMDes is generally inadequate and incomplete, and that the knowledge and comprehension of BUMDes management, planning, implementation, and financial administration have not yet been fully absorbed or mastered by the managers.

## **5. CONCLUSION**

Based on the research conducted on the role of BUMDes in managing the economic potential of the community in Reruwairere Village, Palue District, Sikka Regency, the following results were obtained:

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1. There are two main economic potentials in Reruwairere Village that can be managed by BUMDes, namely fisheries and tourism.
2. The efforts made by BUMDes to improve community welfare have been implemented in the field of public services through the establishment of a Savings and Loan Cooperative (KSP), which has been operating since 2015 and continues to run today. Based on the research findings, members of this cooperative have begun to experience positive changes in their quality of life. Other initiatives currently being planned by the village government and BUMDes management include the development of a tourism village and dried fish products.
3. Several inhibiting factors affect the management of the village's economic potential, including the existence of community groups that do not support BUMDes activities due to disagreements with the elected village head, who is considered not to meet their expectations; the absence of professional personnel capable of managing the village's economic potential from production to marketing; the community's limited understanding of BUMDes due to insufficient socialization from its management regarding its role in improving community welfare; and limited infrastructure such as road access and water supply, caused by the village's geographical location, which is far from the city center.

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