



# Collaboration between Village Government, Private Enterprise and Bumdes in Community Economic Empowerment in Sungai Payang Village Kutai Kartanegara Regency

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## ABSTRACT

*The establishment of Payang Sejahtera Village-Owned Enterprise (BUMDes) through Village Regulation Number 08 of 2016 was intended to legalize its operational mechanisms in order to enhance village economic self-reliance. However, a major challenge arises from the gap between the formal regulatory framework of village autonomy and the reality of limited managerial capacity, weak synergy among government policies, private sector interests, and constrained economic access for vulnerable groups. This study aims to analyze a collaborative model capable of addressing these socio-economic barriers through the strengthening of the role of BUMDes. This study employs a qualitative approach with a descriptive method. Data were collected through observation, in-depth interviews, and documentation studies, and were analyzed through the stages of data reduction, data display, and conclusion drawing and verification. The findings indicate that the management of BUMDes has successfully empowered the local economy through a comprehensive approach. BUMDes management focuses on strategic partnerships with the private sector, adaptive diversification of business units, and professional governance. The collaborative strategy implemented has proven to be highly effective, beginning with the strengthening of initial conditions through a clear legal foundation and community participation, followed by inclusive dialogue forums for decision-making. This strategy has resulted in economic and social sustainability, as proven by increased revenue, employment absorption, and adaptability to changing conditions. Four key factors underpin the implementation of empowerment efforts: strong and transparent leadership, clear standards and targets, strategic partnerships with industry, and attention to the socio-economic conditions of the community, especially vulnerable groups. Visionary leadership plays a crucial role in synergizing multiple stakeholders, while rigorous operational standards ensure program quality. Partnerships with industry create new business and employment opportunities, significantly increasing community income. Overall, this collaborative governance and management framework enables BUMDes Payang Sejahtera to overcome socio-economic challenges and to foster an equitable and sustainable village economic ecosystem.*

**Keywords:** BUMDes, Collaborative Strategy, Partnership, Rural Economic Empowerment.

## 1. INTRODUCTION

The Indonesian government has established various policies to support village economic development, one of which is through the establishment of Village-Owned Enterprises (BUMDes). BUMDes are expected to be the driving force of the village economy by utilizing local potential and involving community participation (Puri & Khoirunurrofik, 2021). This policy is supported by Government Regulation Number 11 of 2021 concerning Village-Owned Enterprises, which provides operational guidelines for BUMDes management. Through this policy, the government seeks to encourage village economic independence and reduce dependence on the central budget (Chikmawati, 2019a). Furthermore, BUMDes are expected to serve as a platform for village communities to develop sustainable, productive businesses (Nugrahaningsih & Muttaqin, 2018).

Rural economic development is a key factor in reducing the economic gap between villages and cities (Diah, 2020). Villages possess significant natural and human resource potential, yet these are often underutilized. Rural economic development aims not only to increase community income but also to create jobs and reduce poverty (Chikmawati, 2019a). Furthermore, rural economic development contributes to strengthening national food and energy security (Rhofita, 2022).

The importance of village economic development is also based on the fact that the majority of Indonesia's population lives in rural areas. However, many villages still face challenges such as limited infrastructure, access to capital, and low human resource capacity (Lasaiba, 2023). Therefore, village economic development must be a priority to ensure that rural communities can enjoy the benefits of development equitably. Furthermore, village economic development can also be a solution to reduce urbanization and create new centers of economic growth in rural areas (Sulistiyorini, 2020).

Despite their enormous potential, many villages in Indonesia still face various challenges in economic empowerment. One major issue is the lack of access to capital and technology, which hinders the development of productive businesses (Adawiyah, 2013). Furthermore, low human resource capacity and limited infrastructure are also serious obstacles (Lase et al., 2024). Furthermore, community participation in village economic development is often low due to a lack of understanding of local potential and business opportunities (Zulfila, 2023).

The implementation of village economic development policies has been regulated in various laws and regulations, one of which is Law Number 6 of 2014 concerning Villages. This law grants villages the authority to manage local resources and develop productive economic enterprises. Furthermore, Government Regulation Number 11 of 2021 concerning Village-Owned Enterprises provides operational guidelines for the formation and management of Village-Owned Enterprises (BUMDes) (Karim et al., 2022). This policy aims to promote village economic independence through profit-oriented business management and community empowerment.

In addition to national regulations, local governments also play a crucial role in supporting village economic development. At the village level, various programs and policies have been launched to support the development of Village-Owned Enterprises (BUMDes). For example, village governments can provide technical assistance, training, and mentoring to BUMDes managers. Furthermore, village governments can facilitate collaboration between BUMDes and the private sector to develop village economic enterprises (Chintary & Lestari, 2016).

The implementation of village economic development policies also involves the active participation of village communities. Community participation in the management of Village-Owned Enterprises (BUMDes) is crucial to ensure that the businesses they manage align with local needs and potential (Ridzal & Hasan, 2020). Furthermore, community participation can also increase a sense of ownership and responsibility for the sustainability of BUMDes (Lona, 2024). Therefore, village governments need to conduct outreach and mentoring to communities about the importance of BUMDes in economic empowerment.

Specifically, the Payang Sejahtera Village-Owned Enterprise (BUMDes) has a strong operational foundation thanks to Village Regulation Number 08 of 2016. This regulation serves as the primary reference for BUMDes management, regulating the procedures for formation, management, and development, as well as oversight and accountability mechanisms. A key aspect of this regulation is its emphasis on the principles of transparency, accountability, and community participation in BUMDes management. Furthermore, this regulation also regulates BUMDes profit sharing, with a portion of the profits being used to increase village income and improve community welfare.

At the village level, Village Regulation No. 8 of 2016 serves as a crucial legal instrument for providing legitimacy and legal certainty for the Payang Sejahtera Village-Owned Enterprise (BUMDes). This regulation not only regulates the establishment but also details the organizational structure, management roles, and financial governance of the BUMDes. This regulation demonstrates the village government's commitment to ensuring that the BUMDes is managed professionally and transparently.

Village-Owned Enterprises (BUMDes) are village economic institutions established by the village government and managed professionally. BUMDes aim to increase village income and empower communities through the management of productive economic enterprises (Darwita & Redana, 2018). BUMDes are expected to leverage local potential and create jobs for village communities. Furthermore, BUMDes also plays a role in increasing community capacity through training and business mentoring (Riyanti, 2021).

Village-Owned Enterprises (BUMDes) have distinct characteristics from other business entities, namely their orientation toward profit and community empowerment. The profits generated by BUMDes are used to increase village income and community welfare (Pariyanti, 2019). Furthermore, BUMDes also plays a role in developing economic enterprises based on local potential (Pradani, 2020). This makes BUMDes a sustainable and inclusive economic institution.

The success of village-owned enterprises (BUMDes) in empowering the rural economy depends heavily on professional management and community participation. BUMDes managers must have sufficient capacity and competence to manage their businesses effectively. Furthermore, community participation in BUMDes management is crucial to ensure that the businesses meet local needs and potential (Kurniawanto & Anggraini, 2019).

The implementation of BUMDes policies requires collaboration between the village government, the private sector, and the community (Permatasari, 2023). The village government plays a role in providing regulatory and infrastructure support, while the private sector can provide technical and capital support. Furthermore, community participation in BUMDes management is crucial to ensure business sustainability. The village government plays a crucial role in facilitating the establishment and management of BUMDes. In addition to providing regulatory support, the village government also needs to conduct outreach and mentoring to the community about the importance of BUMDes. Furthermore, the village government can facilitate collaboration between BUMDes and the private sector to develop village economic enterprises. The private sector also plays a crucial role in supporting BUMDes development. Companies around the village can provide technical support, capital, and market access for BUMDes. Furthermore, the private sector can also collaborate with BUMDes in developing mutually beneficial economic enterprises.

Community participation in the management of BUMDes is also crucial to ensure business sustainability. Villagers can be involved in various BUMDes activities, from planning to business implementation. Furthermore, community participation can also increase a sense of ownership and responsibility for the sustainability of BUMDes (Srirejeki et al., 2020). Collaboration between the village government, the private sector, and BUMDes is key to the success of village economic empowerment. Synergy between these three parties can create a conducive environment for village economic growth. Furthermore, this collaboration can also increase community capacity and optimize the utilization of local potential. Thus, village economic empowerment can be achieved effectively and sustainably.

This dissertation is based on the major proposition that effective collaboration between key government, private, and community actors is an essential governance mechanism for achieving development goals, including community economic empowerment. This view is supported by various literature, one of which is the concept of collaborative governance, which emphasizes the importance of multi-stakeholder synergy in solving complex public problems. However, the application of idealized and formal collaboration theory often fails to fully explain the dynamics occurring at the grassroots level, where informal factors such as personal relationships and local adaptation play a significant role.

Therefore, this study specifically proposes a minor proposition that collaboration between the Village Government, the private sector, and Village-Owned Enterprises (BUMDes) in Sungai Payang Village has successfully empowered the community's economy because it is supported by unique characteristics, such as the role of key figures, personal-based trust, and flexible policy adaptation, which are not fully captured in formal collaboration models. With a case study in Sungai Payang Village, this study aims to test the validity of this minor proposition and see how it contributes to the understanding of the major proposition on collaboration.

The Payang Sejahtera Village-Owned Enterprise (BUMDes) is an example of a successful Village-Owned Enterprise (BUMDes) in empowering the economy of the Payang Village community. Established in 2012, this BUMDes was born in response to business opportunities arising from the presence of companies around the village, and its existence was strengthened by Village Regulation Number 08 of 2016. By leveraging local potential and existing needs, the Payang Sejahtera BUMDes manages 12 diverse types of businesses, ranging from providing trucks for transporting oil palm fruit bunches to catering services for companies. This diversity of businesses not only creates jobs for villagers but also ensures economic sustainability through stable income. Furthermore, this BUMDes actively involves the community in its management, for example by facilitating residents who own trucks to participate in the palm oil transportation business (Budiaris, 2022). This demonstrates that the Payang Sejahtera BUMDes is not only oriented towards financial gain but also towards community empowerment.

The Payang Sejahtera Village-Owned Enterprise (BUMDes) has successfully created jobs for 250 people on a part-time and freelance basis. Of these, 56 work as palm oil transportation drivers, 23 as laundry workers, 13 as palm oil plantation workers, 10 as catering workers, and 38 in other businesses. This success is inseparable from the BUMDes' strategy of leveraging local potential and the needs of surrounding companies. Furthermore, the BUMDes also provides opportunities for residents without capital, such as by providing trucks for those who want to work but don't have a vehicle. The income generated from these various businesses is significant, with gross revenue from palm

oil transportation services reaching IDR 3 billion in 2020. Other services, such as palm oil transportation, laundry, catering, and fuel transportation, also contribute significantly to the BUMDes' income (Budiaris, 2022).

In 2020, the total net revenue of the Payang Sejahtera Village-Owned Enterprise (BUMDes) reached Rp 600 million, which was then used to increase village income. This success continued to increase in 2021, where the BUMDes managed to earn a turnover of Rp 14 billion with a net profit of Rp 700 million. In fact, from January to May 2022, the BUMDes turnover had reached Rp 10 billion, and this year, the BUMDes is targeting a turnover of Rp 20 billion with a profit of Rp 1.5 billion. This achievement demonstrates that the Payang Sejahtera BUMDes has not only succeeded in empowering the community's economy but is also capable of driving the village economy (Budiaris, 2022). These empirical findings indicate that the performance of collaboration cannot be understood solely through structural parameters, but also through the unique social dynamics at the grassroots level.

Thus, the selection of Sungai Payang Village as the research location was based on the consideration that this village represents a unique phenomenon in which a village surrounded by extractive industries (mining and plantations) is able to create an independent economic node through a Village-Owned Enterprise (BUMDes). This location was chosen as a best practice because of its success in transforming potential conflicts of interest between private companies and the community into productive collaboration, making it worthy of being a model for other mining-surrounded villages in Indonesia.

From the theoretical and empirical gaps, this study proposes a conceptual and empirical novelty contribution, so that the study views that the sustainability and collaborative performance of BUMDes are not solely supported by formal structures, but by relational and cultural configurations that have so far received less attention in the literature.

Based on the description above, this study aims to analyze the collaboration between the village government, the private sector, and BUMDes (Village-Owned Enterprises) in empowering the community's economy in Payang Village. Explicitly, this study identifies several fundamental issues that have become gaps in current practices. First, there is an imbalance in economic accessibility, where vulnerable (marginalized) community groups have not been fully integrated into the supply chain collaboration between BUMDes and private companies. Second, the established collaboration pattern still relies heavily on the personal capacity of village leaders (charismatic leadership) rather than an institutionalized management system, thus risking long-term sustainability. Third, there is no standardized model of tripartite collaboration (Village-Private Sector-BUMDes) that can ensure a fair and transparent division of roles without neglecting local wisdom.

## **2. LITERATURE REVIEW**

### **2.1. Public Policy Implementation**

Public policy implementation is a dynamic process involving various actors, resources, and mechanisms to achieve predetermined goals. Contemporary studies emphasize the importance of communication, coordination, and resources as key factors in successful policy implementation. Purwanto and Sulistyastuti (2012) explain that the success of public policy implementation in Indonesia depends heavily on effective communication between stakeholders. Furthermore, research by Syahrudin (2017) emphasizes the importance of a participatory approach in ensuring that policies are well-received and implemented. This demonstrates that an inclusive approach has a significant impact on public acceptance of policies.

In the context of policy design, a study by Wampler and McNulty (2011) highlighted that policies involving communities in planning and implementation tend to be more effective than top-down approaches. This research supports the findings of Purwanto and Sulistyastuti (2012) that community involvement creates a sense of ownership that increases their commitment to the policy's success. Furthermore, a study by Alisjahbana (2004) showed that an inclusive approach can reduce policy resistance and increase community participation. Good policy design reflects the government's ability to understand the diverse needs of communities. Thus, inclusive policies can be a strategic solution in addressing social complexity.

### **2.2. Village Community Economic Empowerment**

The economic empowerment of rural communities has become a primary focus in various development studies, particularly those that highlight efforts to increase local capacity. Todaro and Smith (2015) highlight the importance of infrastructure that supports market access and small business development to increase village productivity.



Community empowerment also requires skills training and effective mentoring support to strengthen local capabilities. Research by Hadi (2009) shows that strengthening community capacity can drive the success of empowerment programs, but challenges remain related to low levels of education and limited access to information. In Indonesia, the Village Fund program serves as a key case study in increasing community participation in village economic development (Eti & Rahmawati, 2019). This program aims to develop local potential, but its success is often hampered by infrastructure issues and limited human resources in villages.

A participatory approach is key to empowering rural communities economically. Widodo (2018) found that community participation from the planning to evaluation stages of a program can increase a sense of ownership over its outcomes. Research by Huda (2013) also highlights the importance of involving women's groups in economic empowerment, as it can broaden the positive impact on community well-being. Programs that involve the active participation of all elements of society have been shown to increase transparency and accountability in resource management (Maritza & Taufiqurokhman, 2024). In Indonesia, many villages have implemented village deliberations (Dewan Desa) as an effective participatory approach. This approach allows communities to be directly involved in the planning and monitoring of economic programs. However, challenges such as a lack of technical skills at the village level and conflicts of interest often hinder the success of these empowerment programs.

### **2.3. Local Resource Management**

Local resource management is a crucial aspect of sustainable development, as the potential of natural and human resources in each region plays a vital role in improving community welfare. Research by Van der Ploeg et al. (2000) emphasized that effective management not only drives economic development but also reduces poverty and improves the quality of life. This is supported by recent research by Keliwar (2013), which demonstrates the importance of community-based management in creating social and economic resilience at the local level. Therefore, it is crucial to implement an approach that involves active community participation in every stage of management. The Community-Based Resource Management (CBRM) approach has proven effective because it combines local understanding with more targeted management policies (Ramadian & Muthmainnah, 2023). This approach also ensures that communities play an active role in protecting and preserving the natural resources they manage (Chandra, 2020).

Despite its great potential, local resource management often faces various challenges that hinder its effectiveness. One major challenge is political instability, which can impact the management policies implemented. Research by Cross et al. (2017) revealed that political uncertainty often creates obstacles to the implementation of sustainable policies, especially in developing countries that tend to have weak government institutions (Tarigan, 2024). Furthermore, a lack of transparency and accountability in the management process often leads to public distrust of the policies implemented (Nawawi, 2012). This can exacerbate management problems, as communities who do not feel involved are less likely to support the policies. For example, research by Houghton et al. (2022) shows that inequality in the distribution of benefits from natural resource management often exacerbates social injustice and creates tensions between community groups, which can hinder the achievement of equitable and sustainable management goals (Farinatae et al., 2025).

### **2.4. Sustainable Development in Villages**

Sustainable development in villages is important in efforts to achieve prosperity that is not only oriented towards economic growth, but also environmental preservation and social justice. (The World Commission on Environment and Development (1987) defines sustainable development as the ability to meet the needs of the present without compromising the ability of future generations to meet their own needs. Depari's (2024) research shows that economic, social, and environmental integration is key to creating sustainable development in villages. Research by Komariah et al. (2018) emphasizes that local wisdom must be included in village development strategies to optimally utilize existing potential.

The main challenges to sustainable development in villages are the imbalanced distribution of benefits and limited access to technology and skilled human resources. Research by Lasaiba (2023) states that many villages face difficulties in managing natural resources due to a lack of technical skills and limited access to modern technology. Development policies that are not based on local potential often ignore the specific needs of village communities (Arsyad, 1999). Research by Gutama and Widiyahseno (2020) shows that social injustice resulting from policies that

do not involve local communities leads to the marginalization of certain groups in villages. This impacts the unequal distribution of development benefits received by various levels of village society.

## **2.5. Village Governance**

Village governance is a crucial aspect of sustainable local development. Good village governance is characterized by the principles of transparency, accountability, community participation, and compliance with laws and regulations. According to Ra'is (2018), village reform following the enactment of Law Number 6 of 2014 provides significant opportunities for villages to manage their own authority within the context of village autonomy. Effective governance at the village level requires an organized administrative system, adequate institutional capacity, and leadership that is responsive to community needs. A study by Tahir et al. (2020) confirms that the quality of the village head's leadership is a determining factor in the success of village governance.

In the context of village development, governance is key to ensuring programs and budgets are directed effectively. Participatory planning, local needs-based budgeting, and community-involved oversight are concrete forms of democratic governance (Kartika, 2012). A study by Wijaya and Marwiyah (2018) showed that villages that adopt a participatory model in development planning tend to have higher program success rates (Hadi, 2014). Citizen participation creates a sense of ownership, which in turn increases the effectiveness of program implementation (Darmi, 2016).

## **2.6. Government and Private Collaboration**

Collaboration between the government and the private sector is a strategy increasingly being implemented in various aspects of development, including in the economic development of rural communities (Nasila & Napu, 2024). This partnership model aims to optimize the resources owned by both parties to achieve more effective and sustainable development goals. The government has a role in providing supportive regulations and policies, while the private sector brings capital, technology, and efficiency in resource management (Taufano, 2024). In this case, the success of collaboration depends on trust, commitment, and good communication between stakeholders (Islamy, 2018). In the context of village development, this partnership can be implemented through various schemes, such as direct investment or Public-Private Partnership (PPP) schemes (Haryanti, 2020).

This collaboration benefits both the government and the private sector (Ismail et al., 2023). For the government, collaboration with the private sector helps overcome budget and human resource limitations in implementing development programs. The private sector, on the other hand, benefits in the form of broader market access, fiscal incentives, and a better corporate image through their involvement in community economic development. According to Nusantara (2018), effective collaboration requires alignment of vision and mission between the government and the private sector to create synergy in program implementation. Some examples of successful collaboration include the management of Village-Owned Enterprises (BUMDes) supported by private investment in the agriculture, tourism, and creative industry sectors (Indriani & Arham, 2024). With support from various parties, this collaboration is one of the main strategies in accelerating village development.

## **2.7. Community Participation in Village Development**

Community participation is a key pillar of sustainable village development. The concept of participation encompasses active community involvement in all stages of development, from planning and implementation to evaluation. According to Arnstein's (1969) Ladder of Participation theory, participation is not merely formal involvement but reflects the level of real influence residents have on the decision-making process. In the village context, participation is an indicator of the success of local autonomy because it shows the extent to which development truly stems from the needs and aspirations of residents. A study by Chambers (1993) emphasized that participatory development can strengthen social justice and increase the effectiveness of development interventions.

Normatively, community participation is guaranteed in various national regulations, such as Law Number 6 of 2014 concerning Villages. This regulation stipulates that villages are required to hold Village Deliberations (Deliberations) as the highest forum for development decision-making. These deliberations serve as a strategic space to accommodate community aspirations and ensure transparency in the management of development funds and programs. However, the implementation of participation is often suboptimal due to structural and cultural factors. A

study by Solihin et al. (2021) shows that the dominance of local elites and low citizen literacy regarding their rights are major obstacles to genuine community involvement.

## **2.8. Social and Economic Innovation in Villages**

Social and economic innovation in villages is a response to the challenges of limited resources, access, and the dynamics of social change at the local level. Social innovation refers to efforts to create new, more effective, efficient, and sustainable solutions to social problems faced by rural communities. According to Vania and Anwar (2022), social innovation is not always technological but also encompasses new approaches to problem-solving based on social values, collaboration, and solidarity. In the context of rural Indonesia, a study by Amirulloh et al. (2023) found that many village communities developed a system of mutual cooperation (gotong royong) that was updated through informal cooperative models, community forums, and community work systems that are adaptive to changing times. These practices demonstrate how local values form the foundation for shaping contextual social innovation. Social innovation in villages often relies more on social capital than on formal economic resources.

Various studies highlight that economic innovation in villages emerges as an adaptation to limited market access and technology. A study by Komariah et al. (2018) showed that farmers developed innovations in the agricultural distribution chain through a community-based marketing approach, which shortened distribution channels and increased product added value. This approach not only increased income but also strengthened social networks among farmers. Sugiarto (2022) found that villagers developed creative economic products based on local resources, such as weaving and handicrafts, as part of family economic diversification. This economic innovation tends to thrive in areas with a collective awareness and the ability to independently manage local potential.

## **2.9. Strengthening the Capacity of Village Institutions**

Village institutions play a strategic role in realizing responsive, participatory, and accountable governance at the local level. According to Sutoro (2014), village institutions are instruments for implementing village government functions, including public services, development, empowerment, and community development. Strengthening the capacity of village institutions is crucial because the success of village development programs depends heavily on the institutional capabilities of existing apparatus and institutions. A study by Dwiyanto (2006) showed that weak village bureaucratic capacity contributes to the low quality of public services and development implementation. This capacity encompasses structural, functional, and human resource aspects within village institutions.

Strengthening the capacity of village institutions must also encompass aspects of improving the quality of human resources (HR) within them. A study by Syamsuddin (2017) confirmed that technical training and increased policy literacy for village officials can significantly improve institutional performance. Furthermore, personal capacities such as service ethics, communication skills, and leadership are also crucial factors in building the professionalism of village officials. In several regions, as researched by Wibowo and Fitriani (2020), ongoing training has proven effective in improving village officials' understanding of the core duties and functions of the institution. However, a one-way, formal training approach is often insufficient.

## **2.10. Good Governance Theory**

The basic concept of governance is essentially understood as a system involving social and political interactions between the government and its citizens. Key figures such as Kooiman (2003) define governance as a series of interaction processes involving government intervention in various societal interests to achieve collective goals. This view emphasizes that governance is not simply a one-way activity of state authority, but rather a mechanism through which citizens can articulate interests, mediate differences, and exercise their legal rights and obligations. Through this process, public service institutions have a significant responsibility in managing public resources and ensuring the reality of human rights for every individual in an inclusive manner. Achwan (2000) strengthens this foundation by stating that governance is a collective effort involving the influence of state and non-state sectors in the management of economic resources. Thus, this basic concept shifts the centralistic paradigm towards a more equal relationship between the state, the private sector, and civil society.

### **2.11. Collaborative Governance Theory**

Ansell and Gash (2008) define collaborative governance as a governance strategy that has developed over the past two decades. This governance model emerged in response to the complexity of public policy that cannot be effectively addressed by government alone. This approach allows various stakeholders, both from the public and non-public sectors, to participate directly in decision-making. The involvement of these various actors aims to create more inclusive, transparent, and consensus-based decisions. In practice, collaborative governance is implemented through various dialogue forums that enable the exchange of information and alignment of interests between the parties involved. Thus, this model is not only oriented towards the final outcome in the form of public policies or programs, but also on a deliberative process that builds trust and collaboration between actors.

In collaborative governance, the government no longer plays a dominant role in decision-making, but rather functions more as a facilitator in interactions with other stakeholders. This model emphasizes the importance of cooperation between state and non-state actors in achieving common goals. According to Ansell and Gash (2008), collaborative governance involves one or more public institutions directly engaging stakeholders from the non-state sector in a collective decision-making process. This process is formal, deliberative, and consensus-oriented to produce or implement policies and manage public programs or assets. This model prioritizes the active participation of various parties with interests in a policy issue. In other words, collaborative governance is not simply a consultation forum, but a governance mechanism that ensures the direct involvement of stakeholders in policy formulation and implementation.

### **2.12. Social Change Theory**

Bourdieu (1977) views social change as the result of complex dynamics between social structures and individual agents. According to him, change does not occur suddenly or linearly, but rather is an accumulative process influenced by various social, economic, and cultural factors. Bourdieu rejects the deterministic view that assumes individuals are completely controlled by social structures, but also criticizes views that overemphasize individual freedom in creating change. For him, social agents are always in tension between the reproduction and transformation of social structures. Thus, social change occurs through a series of actions influenced by historical experience, the social environment, and power relations within society.

In his analysis, Bourdieu (1977) emphasized that social change is closely related to the social practices carried out by individuals in their daily lives. These practices are not static, but rather continuously evolve along with changes in the social environment and the interactions that occur within it. Each individual has a tendency to reproduce existing patterns, but under certain conditions, they can also challenge or change the prevailing social structure. This process occurs through a series of actions that are not always consciously perceived by the individual, but collectively can produce broader change. In other words, social change depends not only on individual intentions but also on the social context that shapes the possibilities and limitations for such change.

### **2.13. Empowerment Theory**

The empowerment theory developed by Cook and Macaulay (1997) emphasizes that society is a subject with the capacity to make changes. According to Cook and Macaulay (1997), empowerment occurs when individuals or groups are given the freedom to take responsibility for their own ideas, decisions, and actions. This process not only provides freedom but also ensures that individuals have sufficient skills and support to carry out their roles effectively. In other words, empowerment is a mechanism that allows individuals or groups to develop their potential to become more independent in decision-making and carrying out responsibilities. Therefore, empowerment is an important instrument in building a more empowered society capable of adapting to various social and economic challenges.

The empowerment referred to by Cook and Macaulay (1997) is more directed at freeing individuals from rigid control and giving them the opportunity to play an active role in every aspect of life. In this context, empowerment is not only about granting rights or opportunities, but also about building confidence in individuals that they have the capacity to make changes. With growing self-confidence and competence, individuals will be better able to make decisions that positively impact their lives. Furthermore, empowerment is also closely related to the creation of opportunities, where individuals are given the opportunity to choose and develop themselves according to their potential. Thus, empowerment is a process that requires the active involvement of individuals in determining the



direction of their own lives.

### **3. RESEARCH METHODOLOGY**

#### **3.1. Types of research**

The type of research used in this study is field research, an approach that aims to explore and understand social phenomena directly at the location where events or practices occur (Bailey, 1994). This research was conducted in Payang Village, Loa Kulu District, Kutai Kartanegara Regency, as a location that represents the dynamics of collaboration between the village government, the private sector, and Village-Owned Enterprises (BUMDes) in community economic empowerment. This approach was chosen because it allows researchers to obtain actual empirical data through direct interaction with actors, policy managers, and beneficiary communities. By using field methods, researchers can explore the social context, institutional structures, and policy implementation practices in a comprehensive and comprehensive manner.

This field research is also qualitative, emphasizing a deep understanding of the processes, relationships, and meanings constructed by actors in collaborative village development practices. Through this approach, researchers not only examine numerical data but also the narratives, perceptions, and interpretations of various parties involved in the community economic empowerment process. This type of research is highly relevant for examining complex social phenomena, such as inter-institutional collaboration and the implementation of village-based development policies. Data collection was conducted using participatory observation techniques, in-depth interviews, and policy documentation as the primary data sources. Researchers were present in the field as the primary instrument to capture the social dynamics that occurred directly. Thus, the data obtained was more holistic and contextual, in accordance with the characteristics of qualitative field research.

#### **3.2. Research Approach**

The approach used in this research is a case study approach. A case study is a qualitative approach that aims to deeply explore a phenomenon in a real-life context, focusing on a specific and complex unit of analysis (Widhagdha & Ediyono, 2022). In the context of this research, the case study focuses on the collaboration between the village government, the private sector, and the Village-Owned Enterprise (BUMDes) in efforts to empower the community's economy in Payang Village. This approach was chosen because it allows researchers to understand the social dynamics, institutions, and local policies that interact in the village development process.

The case studies in this research are exploratory and descriptive, meaning they aim to explore broadly and deeply how these forms of collaboration take place and how the results are perceived by the local community. Researchers strive not only to describe the roles of each actor but also to understand the interactions, challenges, and patterns of collaboration that emerge in the implementation of BUMDes policies. Case studies provide flexibility in data collection through various techniques such as in-depth interviews, direct observation, and document analysis, allowing for data triangulation to enhance the validity of the findings. Furthermore, case studies provide scope to capture the village's socio-cultural context that influences these collaborative practices.

#### **3.3. Research Focus**

This research focuses on the economic empowerment of the community in Payang Village through collaboration between the village government, the private sector, and the Payang Sejahtera Village-Owned Enterprise (BUMDes). This focus refers to the implementation of Village Regulation Number 08 of 2016 and how the regulation is implemented in Payang Village, Loa Kulu District, Kutai Kartanegara Regency. The focus of this research is divided into two main aspects:

- 1) Collaborative Strategy Implemented by Payang Sejahtera Village-Owned Enterprises in Business Management and Development to Improve the Village Economy
  - a. Collaboration model between BUMDes, village government, and the private sector.
  - b. Types of businesses developed by BUMDes and the role of each actor in supporting these businesses.
  - c. Collaborative contributions to improving the welfare of village communities, both in the form of job creation, increased income, and access to other economic resources.

- d. Challenges and opportunities in implementing collaborative strategies, including long-term sustainability factors.
- 2) Factors Influencing the Implementation of Payang Sejahtera Village-Owned Enterprises
  - a. Regulatory Aspect: To what extent do government policies, including Village Regulation Number 08 of 2016, support or hinder BUMDes operations.
  - b. Institutional Capacity: BUMDes' internal readiness to manage the business professionally, including managerial, HR, and financial governance aspects.
  - c. Village Government Support: The role of the village government in facilitating and providing regulatory and financial support for BUMDes.
  - d. Private Sector Involvement: Forms of private sector involvement in cooperation with BUMDes, including in the provision of capital, marketing, and technology transfer.
  - e. Community Response: Community attitudes and involvement in supporting economic empowerment programs run by BUMDes.

### **3.4. Research Informants**

Informant is a person who is appointed to provide related information phenomena and situations regarding the problems being researched (Moleong, 2002). Informants study This use informant sample that is people Those selected and responsible for managing BUMDes in improving community development because they are directly involved in the implementation of home industries. The informants for this research are:

- 1) Head of the Kutai Kartanegara Village Empowerment Service: Arianto
- 2) Head of Loa Kulu District: Adriansyah
- 3) Head of Sungai Payang Village: Rusdin
- 4) Director of Payang Sejahtera Village-Owned Enterprise: Supiani
- 5) Secretary of Payang Sejahtera Village-Owned Enterprise: Solihin
- 6) Sungai Payang Village Community: Abdul Kholiq; Muhammad Nur Ismail; Ahmad Rafa'I, Salmiah and Juliyani

### **3.5. Data Analysis Techniques**

This study uses an interactive model of qualitative data analysis techniques according to Miles, Huberman, and Saldana. (2014). The analysis process was carried out continuously from the beginning of data collection in the field to the preparation of the final dissertation report to reveal the dynamics of actor collaboration in Sungai Payang Village. The operational steps are as follows: Data Collection, Data Display, and Conclusion Drawing/Verification.

## **4. DISCUSSION**

### **4.1. Collaboration Model between Village Government, Private Sector, and Village-Owned Enterprises**

The collaboration model in this study is defined as a truly collaborative work pattern between the Village Government, the private sector, and the Payang Sejahtera Village-Owned Enterprise (BUMDes) in promoting the economic empowerment of the Sungai Payang Village community. This model is not treated as a normative model that fully follows the formal collaboration formula, but rather as an analytical abstraction of grassroots practices influenced by social relations, the role of key figures, and local policy adaptations. This framework is consistent with the research proposition that positions multistakeholder collaboration as a development governance mechanism, but emphasizes the existence of informal dynamics that influence the effectiveness of implementation at the village level.

The operational boundaries of the existing model include: (1) key actors directly involved in the management and partnership of BUMDes, (2) cooperative relations that connect resources, markets, and community participation, and (3) implementation mechanisms supported by village regulatory legitimacy, especially Village Regulation Number 08 of 2016 as the basis for the formation, management, guidance, supervision, and accountability of BUMDes. With these limitations, the existing model can be read as a context-specific collaborative governance configuration, but still allows for testing its replicable elements in the context of other industrial ring villages.

The collaboration model involves four main actors with different but interdependent functional positions.

- 1) The village government acts as an institutional enabler, providing legitimacy, a regulatory framework, coordination facilitation, and governance support to ensure that village-owned enterprises (BUMDes) have legal

certainty and a stable operational environment. This strong position is primarily supported by Village Regulation No. 08 of 2016, which emphasizes the principles of transparency, accountability, participation, and oversight mechanisms.

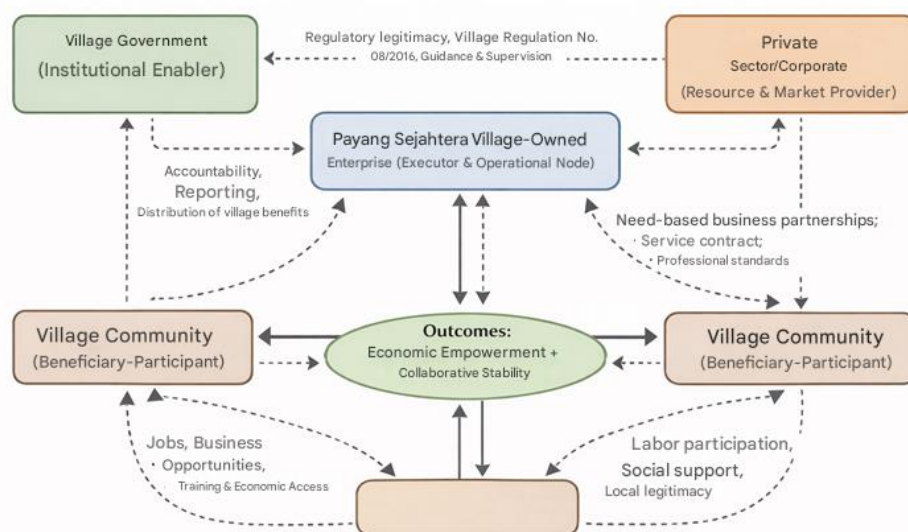
- 2) The Payang Sejahtera Village-Owned Enterprise (BUMDes) acts as both the executor and operational hub, transforming economic opportunities into concrete business units and bridging the interests of the village government, industry needs, and community participation. This BUMDes was established in response to business opportunities arising from the presence of nearby companies and is reinforced by village regulations. It offers a diverse business portfolio and focuses not only on profit but also on empowerment.
- 3) The private sector plays a role as a resource and market provider through business partnerships based on industrial needs, including service contracts (e.g., catering, laundry, transportation, drinking water supply) that serve as a source of income stability as well as a standard of professionalism for BUMDes services.
- 4) Village communities act as beneficiary-participants, receiving economic benefits as well as providing labor, supporting business actors, and forming part of the social network that strengthens the social legitimacy of village-owned enterprises (BUMDes). In the existing model, empowerment goes beyond labor absorption and also targets vulnerable groups through access to employment and training.

Relationally, the existing model can be mapped as three core relations and one mediating relation.

- 1) Village Government with BUMDes (legitimacy and governance): The village government provides the legal basis, guidance, oversight, and rules for benefit distribution and accountability. This provides operational certainty and builds public trust in BUMDes as an accountable village institution.
- 2) Village-Owned Enterprises (BUMDes) with the Private Sector (business partnerships and service standards): The BUMDes provides services needed by industry; the private sector provides markets, demand volume, and sustainable contract opportunities. This model strengthens the professionalism of the BUMDes and serves as a primary source of revenue stability.
- 3) BUMDes with the Community (participation and distribution of benefits): BUMDes recruits workers, opens economic access, and carries out empowerment based on local needs; the community contributes to business implementation while supporting the social legitimacy of BUMDes.
- 4) Private Sector with the Community (indirect relations through BUMDes mediation): Private sector interactions with the community are primarily mediated by BUMDes, thereby reducing friction, regulating the distribution of opportunities, and stabilizing business relationships within the village institutional framework. This mediation logic is relevant to the minor propositions emphasizing the role of key figures, personal-based trust, and policy adaptation as factors not fully captured by the formal model.

The working mechanism of the existing model can be reconstructed into five mutually reinforcing stages.

- 1) Strengthening enabling conditions through village legality and governance. The existence of Village Regulation No. 08/2016 is a crucial prerequisite that defines the organizational structure, management roles, oversight, and accountability, ensuring that BUMDes has strong legitimacy to partner and manage businesses professionally.
- 2) Building trust and collaborative understanding through a combination of formal and informal mechanisms. At this stage, personal relationships, local leadership, and policy adaptation serve as "social lubricants" that stabilize cooperation, according to the research's minor proposition.
- 3) Operationalization of business units is based on industry needs and local capacity, as evidenced by service diversification and business unit expansion, ensuring that collaboration with the private sector extends beyond a single commodity or service. This diversification creates a more stable revenue stream and expands local employment opportunities.
- 4) Economic and social outcomes include increased income/turnover, employment, and contributions to village revenues. Financial performance indicators (e.g., a surge in revenue to IDR 14 billion in 2021 with a net profit of IDR 700 million) demonstrate that the effectiveness of collaboration is measured not only by its structure but also by the social dynamics that underpin its implementation.
- 5) Reproduce collaborative stability by strengthening legitimacy and professionalism. Operational success strengthens the reputation of BUMDes, extends contracts/partnerships, and enhances the organization's ability to set standards, targets, and govern empowerment programs, including attention to vulnerable groups.



**Figure 1. Existing Collaborative Model of Village Government-Private Sector-BUMDes in Empowering the Economic Community of Sungai Payang Village**

The existing collaborative model reconstructed in this section demonstrates that the economic empowerment of the Sungai Payang Village community can be systematically understood through an input-process-output framework with the Village-Owned Enterprise (BUMDes) as the main operational node. In the input dimension, this model is supported by the regulatory legitimacy of the Village Government, specifically Village Regulation Number 08 of 2016, local leadership support, the availability of economic opportunities from the private sector, and community social capital in the form of trust and participation. All of these inputs form the institutional and social prerequisites that enable the BUMDes to function effectively in managing and developing village businesses.

The process dimension is reflected in the collaborative practices implemented by BUMDes through business partnership mechanisms based on industry needs, coordination with the Village Government within a governance and accountability framework, and community involvement in business units. This process is adaptive, combining formal mechanisms such as contracts and reporting with informal mechanisms such as intensive communication and trust between actors. In this context, BUMDes acts as a mediator, integrating the interests of the government, the private sector, and the community into operational and sustainable economic activities.

Meanwhile, the output dimension is evident in the achievement of community economic empowerment through job creation, increased resident income, strengthened village revenues, and the establishment of stable collaboration between the involved actors. These outputs are not only economic but also social, as they strengthen the legitimacy of the Village-Owned Enterprise (BUMDes) as a village economic institution and increase public trust in the collaborative governance process. Thus, BUMDes not only generates economic value but also reproduces social support that underpins the sustainability of the collaborative process.

Based on this mapping, the existing collaboration model can be understood as a coherent and interconnected governance configuration, where the success of the output is largely determined by the quality of the collaborative process and the adequacy of institutional and social inputs. This understanding serves as an analytical foundation for the development of the proposed collaboration model, which aims to conceptually emphasize and formulate the relationships between inputs, processes, and outputs within a more systematic framework. In this way, the research's novelty is built as a development of the existing BUMDes practice-based model, making it both empirically relevant and conceptually meaningful.

## **4.2. Management of Payang Sejahtera BUMDes in Empowering Village Community Economy**

### **1) Strategic Partnership with Private Companies**

The implementation of policies based on Village Regulation Number 08 of 2016 in Sungai Payang Village demonstrates a close link between national policy design and local practices carried out by the village government



and BUMDes. Partnerships established with private companies, such as PT. PPA and PT. CK in the provision of refillable drinking water, demonstrate the synchronization between the village's vision of realizing a prosperous society and the goal of economic empowerment in national regulations. Meter and Horn's (1975) theory emphasizes that the effectiveness of implementation is greatly influenced by the alignment between policy makers and implementers in the field. Aligning the local vision with national principles not only strengthens the legitimacy of BUMDes but also demonstrates the fulfillment of the prerequisite for consistency of policy objectives (Anggraeni, 2016; Utami et al., 2019).

The vision and mission of the Payang Sejahtera Village-Owned Enterprise (BUMDes) to become a pioneer of successful, advanced, and competitive village businesses in East Kalimantan is a concrete manifestation of the internalization of policy values into local structures. The BUMDes' involvement in providing catering services to PT. PPA and PT. MHA demonstrates how normative policy objectives are translated into operational objectives at the implementation level. According to Meter and Horn (1975), successful implementation depends heavily on this capability, and the Payang Sejahtera BUMDes has successfully adapted national policies to address local needs. This condition strengthens the dimension of conformity between policy content and local capacity, which is a crucial variable in successful implementation (Ridwansyah et al., 2021; Srijeki et al., 2020).

This strategic partnership is built on the principles of transparency and quality upheld by the Village-Owned Enterprise (BUMDes). The existence of a written agreement and regular quarterly evaluations demonstrate the integrity of policy implementation, including transparency in resource management. In the Meter and Horn (1975) model, conducive external environmental factors, such as partnership networks, strengthen implementation capacity and accelerate the achievement of policy objectives. Evidence from this Village-Owned Enterprise (BUMDes) suggests that strategic collaboration can enhance social capital and expand the scope of business activities, providing greater economic benefits to the community (I. Solihin et al., 2023; J. Iskandar et al., 2021).

## **2) Diversification of Business Units Based on Needs**

The business activities of the Payang Sejahtera Village-Owned Enterprise (BUMDes) demonstrate diversification that prioritizes not only profit but also integrates community empowerment. This BUMDes not only maintains existing business units but also actively develops new ones, such as livestock farming, compost processing, and even drinking water refill services. According to Meter and Horn (1975), the level of expected behavioral change among target groups is an indicator of implementation effectiveness. In this case, the BUMDes successfully encouraged a shift in community orientation from passive to productive through various available business opportunities. The successful development of this business unit, based on women's empowerment and MSMEs, is a crucial instrument in supporting the village's socio-economic transformation (Azhari et al., 2023; Andriana, 2023).

The development of the Payang Sejahtera Village-Owned Enterprise (BUMDes) business unit demonstrates effective policy adaptation to local potential and dynamics. Business units relevant to local potential, such as a compost factory made from palm kernel shells, demonstrate institutional adaptability to changes in the external environment. According to Meter and Horn (1975), adaptability is a characteristic of effective implementation. This also reflects the principle of sustainability, where the BUMDes is able to develop new solutions to meet community needs, in line with its mission of protecting local values. Local innovation based on village potential is a vital factor in maintaining the dynamics of village economic growth (Srijeki et al., 2020; Andriana, 2023).

The business diversification undertaken by the Payang Sejahtera Village-Owned Enterprise (BUMDes) also demonstrates that structural factors in policy implementation have been optimal. According to Meter and Horn (1975), a supportive organizational structure and operational procedures are essential for achieving policy outcomes. The existence of diverse business units, each managed by a responsible manager, demonstrates the existence of an effective internal coordination mechanism. This aligns with Village Regulation Number 08 of 2016, which emphasizes the importance of village deliberations in determining the direction of BUMDes policies. This success confirms that a comprehensive organizational structure and human resource capacity are the foundation for effective implementation at the village level (I. Solihin et al., 2023).

## **3) Local Community Empowerment**

The Payang Sejahtera Village-Owned Enterprise (BUMDes) demonstrates strong institutional capacity in economic empowerment, reflected in its role as a job creator and welfare enhancer. To date, more than 224

villagers have been employed in various business units, ranging from catering and laundry services to transportation, as well as agriculture and waste management. This contribution is the foundation of the village's economic empowerment by expanding the livelihoods of residents through locally managed production and service activities.

Economically, the absorption of labor in these locally-based business units strengthens the circulation of income at the village level (local multiplier effect), reduces spending leakage outside the region, and increases the capacity of households to meet basic needs and make small investments in education, health, and improving work productivity. Thus, the contribution to village economic empowerment is evident in strengthening local purchasing power, increasing the accumulation of household assets, and increasing the capacity for productive spending within the village. At the village institutional level, the accumulation of business unit profits and contributions to Village Original Income expands the fiscal space of the village government to finance public services and social programs more independently, so that empowerment does not stop at increasing individual income, but transforms into strengthening the village's collective economic empowerment.

According to Meter and Horn (1975), one measure of successful policy implementation is the extent to which the resulting socioeconomic changes can be concretely measured. In this case, the Payang Sejahtera Village-Owned Enterprise (BUMDes) successfully achieved the policy targets stipulated in Village Regulation Number 08 of 2016, namely increasing village revenue and community welfare (Azhari et al., 2023).

Direct community involvement in BUMDes business activities not only provides economic benefits but also builds a sense of ownership in the sustainability of village businesses. From the perspective of village economic empowerment, this involvement in work and joint business management expands residents' access to more stable employment opportunities, encourages increased household economic capacity (capability), and strengthens the community's bargaining position in the local economic ecosystem. The knock-on effect is the formation of production and service networks within the village that foster trust and social capital, which are essential for the sustainability of business units and subsequent market expansion. This series of processes confirms that BUMDes contributes to village economic empowerment by strengthening social capital that facilitates economic coordination, disciplined service quality, and expanded market access.

This BUMDes specifically targets vulnerable groups, such as widows, to secure jobs in laundry, housekeeping, and catering. This targeting is not only charitable but also broadens the village's economic participation base and reduces local labor market exclusion, which are important indicators of village economic empowerment. Meter and Horn's (1975) theory positions social environmental factors as external variables influencing implementation effectiveness, with community social support serving as a catalyst. Resident testimonials about improved living standards thanks to the BUMDes demonstrate that the policy's social impact has been realized as expected (J. Iskandar et al., 2021; Humanika et al., 2023a).

In addition, Village-Owned Enterprises (BUMDes) provide skills training for residents who want to start their own businesses, such as training on food processing and hygiene standards. This contribution strengthens village economic empowerment because the training serves as a transfer of skills that can generate spin-off businesses at the household level, expand the local entrepreneurial base, and diversify village income sources. When business unit development is decided through village deliberations, business choices tend to be more aligned with local needs and strengths, allowing for the extension of local value chains, including through the processing of agricultural products and the management of economically valuable waste. Here, village economic empowerment works through two channels simultaneously: creating added value and building the entrepreneurial capacity of residents.

Thus, BUMDes not only provides jobs but also acts as a village economic incubator, strengthening independence and reducing dependence on social assistance. Residents' involvement in village deliberations to determine new business units also demonstrates BUMDes' commitment to fostering a sense of ownership. This active participation creates business opportunities and income for residents, significantly improving their standard of living and reducing the number of Direct Cash Assistance (BLT) recipients from 120 to just 12. This demonstrates that BUMDes has successfully driven the village's socio-economic transformation (Azhari et al., 2023; Andriana, 2023). Overall, the contribution to village economic empowerment can be interpreted as strengthening local economic independence, resilience, and inclusiveness.

#### 4) Structured and Modern Governance

The institutional structure of the Payang Sejahtera Village-Owned Enterprise (BUMDes) has been systematically developed in accordance with Village Regulation Number 8 of 2016. This structure consists of advisors, operational implementers, and supervisors, with well-defined duties and functions. This clear structure strengthens the decision-making process, avoids role conflicts, and ensures the effective running of the organization. Meter and Horn (1975) emphasized that structural ambiguity is one of the sources of implementation failure, so the existence of this neat BUMDes structure is an important advantage that accelerates the realization of economic empowerment goals (Anggraeni, 2016).

In addition to being assessed through the effectiveness of the structure and capacity of implementers as emphasized in implementation theory, the governance of Payang Sejahtera Village-Owned Enterprise (BUMDes) also needs to be assessed through the lens of good governance as a criterion for process quality. In this study, good governance is not positioned as the primary causal theory, but rather as a parameter for assessing whether BUMDes management practices have met the principles explicitly emphasized in Village Regulation Number 08 of 2016, namely transparency, accountability, and community participation.

Payang Sejahtera Village-Owned Enterprise (BUMDes) implements professional and accountable financial and asset management, a key factor in effective implementation according to Meter and Horn (1975). Concrete evidence of the application of this principle is the award it received in the Financial and Asset Management category at the East Kalimantan Province level in 2020. With an orderly financial reporting system and ongoing internal audits, this BUMDes demonstrates consistent application of the principle of professionalism as stipulated in Village Regulation Number 08 of 2016. The success of village financial management is directly proportional to the level of public trust in village institutions (Ridwansyah et al., 2021).

In terms of transparency, prominent practices include the disclosure of financial and operational information to residents through village deliberation forums and access to information through village public media. The village head stated that BUMDes financial reports are presented openly during village deliberations, and the public can access information at any time through the village noticeboard. Transparency here serves as a prerequisite for public trust, as residents have a reference point for assessing BUMDes performance, rather than simply accepting claims of success. However, transparency that only displays reports without ensuring residents' understanding risks becoming procedural, and therefore needs to be coupled with a response mechanism for public inquiries and clarification.

In terms of accountability, accountability arrangements are evident, accompanied by regular monitoring. The village government established a monitoring team that periodically audits the administration and use of BUMDes funds, and requires administrators to make improvements and report follow-up actions when findings arise. From an operational perspective, the BUMDes director emphasized the preparation of standard financial reports (balance sheet, profit and loss, changes in equity), internal audits prior to presentation to village meetings, and the publication of written documents through village information media. This demonstrates accountability beyond simply "there are reports" but also "there are verification and correction procedures," which are at the core of accountability in governance.

In terms of participation, village deliberations are positioned as a channel of social control, providing space for residents to ask questions, criticize, and provide suggestions regarding village-owned enterprise (BUMDes) reports and decisions. Resident involvement in this oversight is crucial because it strengthens legitimacy and a sense of ownership, while also reducing the potential for misconduct when the management of BUMDes funds and assets is under public scrutiny. However, the quality of participation still needs to be critically examined: who actively speaks, whether vulnerable groups are truly represented, and to what extent resident input influences decisions, rather than simply being recorded in the forum.

Overall, the combination of transparency, accountability, and participation demonstrates that "structured and modern" governance is supported not only by organizational structure and professionalism, but also by mechanisms for information transparency, correction of findings, and social oversight by residents. Furthermore, the division of roles within the Payang Sejahtera Village-Owned Enterprise (BUMDes) reflects the principle of effective delegation of authority, with each business unit managed by a responsible manager. Operational implementers possess technical competence, business experience, and sound managerial understanding, as

stipulated in Village Regulation Number 08 of 2016. Meter and Horn (1975) suggest that human resource capabilities, including skills and commitment, determine the quality of policy translation into practice. The professionalism of human resources at the village level is a determining factor in the sustainability of community-based economic programs (Ridwansyah et al., 2021).

#### **5) Strong Support from Village Government**

The success of the Payang Sejahtera Village-Owned Enterprise (BUMDes) is also supported by adequate funding integrity and full support from the village government. Initially, the BUMDes received initial capital of IDR 300 million from the Village Fund Budget (ADD), which was later increased to IDR 600 million, in accordance with village financial management principles. This capital investment reflects a serious effort to ensure that economic empowerment policies are implemented sustainably. Anggraeni (2016) emphasized that clear and accountable capital investment is the initial foundation that determines the sustainability of village-based empowerment programs.

Village government support is also reflected in the strengthening of regulations, with the village government ratifying Sungai Payang Village Government Regulation Number 08 of 2016. This regulation provides a strong legal foundation, clarifies organizational structure and financial governance, and provides legal guarantees for collaboration with external parties. In the Meter and Horn (1975) model, conducive external environmental factors strengthen implementation capacity and accelerate the achievement of policy objectives. This demonstrates that partnership networks are integral to developing village business competitiveness amidst the dynamics of the modern market (I. Solihin et al., 2023; J. Iskandar et al., 2021).

Support from the village government also includes mentoring and training for BUMDes administrators. This aims to improve their professionalism and competence in BUMDes management. Meter and Horn (1975) explain that implementation effectiveness is greatly influenced by the capacity of the implementing organization, and this support helps improve human resource capacity. With strong support from the village government, BUMDes Payang Sejahtera was able to build a resilient and adaptive business ecosystem and encourage BUMDes to forge partnerships with the private sector, leveraging the economic potential surrounding the village.

### **4.3. Payang Sejahtera Village-Owned Enterprise Collaboration Strategy**

#### **1) Initial Condition Support**

##### **a. Institutional Design**

Institutional design is a fundamental aspect of the collaborative strategy for managing Village-Owned Enterprises (BUMDes), as it provides a legal and structural framework that facilitates interaction between actors. Since its establishment in 2012, BUMDes Payang Sejahtera has faced various challenges related to legality and unsettled governance. The lack of a formal legal basis in the early stages hampered business development and limited the possibility of collaboration with the private sector and government institutions. This situation began to see a glimmer of hope with the enactment of Law Number 6 of 2014 concerning Villages, which provides a constitutional mandate and strong legitimacy for villages to manage local resources and establish independent business entities. The presence of this law became a significant catalyst for Sungai Payang Village in translating village autonomy into concrete action by strengthening more structured economic institutions. This aligns with Ansell and Gash's (2008) theory of Collaborative Governance, which emphasizes the importance of supportive initial conditions, including clear institutional structures, to foster inclusive and sustainable collaboration.

A significant breakthrough occurred in 2016, when the Sungai Payang Village Government established Village Regulation No. 08 of 2016 as the operational legal umbrella for BUMDes. This Village Regulation is an operational derivation of the spirit of Law No. 6 of 2014, which grants villages the authority to manage their own affairs for the welfare of the community. This regulation not only legitimizes the existence of BUMDes but also introduces the principles of transparency, accountability, and systematic oversight into its governance. This creates the initial foundation that allows for the creation of stable and trustworthy collaborative relationships.

One impact of these regulatory strengthening efforts is increased trust among business partners in the Payang Sejahtera Village-Owned Enterprise (BUMDes). Prior to the regulation's enactment, many parties were reluctant to partner due to the lack of legal certainty in transactions. However, after the regulation's



implementation, there was a significant increase in collaboration with agricultural processing companies, transportation service providers, and other sector actors (Kholis et al., 2021). Within the theoretical framework of Ansell and Gash (2008), this demonstrates how clarity of roles and institutional rules can strengthen mutual trust between actors, a crucial prerequisite for building effective collaboration. With clear operational standards, the BUMDes is able to offer procedural clarity and legal security to business partners, further expanding the reach of its partnerships. The resulting collaboration is not merely transactional, but develops into a long-term, mutually beneficial partnership.

This regulation also has an impact on increasing community participation in the management and development of BUMDes businesses. Previously, a lack of transparency hampered active community involvement. However, with clear regulations, the community has begun to actively participate in BUMDes activities, both as workers, business partners, and beneficiaries (Agunggunanto et al., 2016). This active participation aligns with the pillars of village democracy in Law Number 6 of 2014, which places village deliberations as the highest instrument for strategic decision-making, including in BUMDes business development. The trust that grows from accountable regulations encourages villagers to be more involved and feel a sense of ownership in the BUMDes. A portion of business profits is even allocated for village development, demonstrating that collaboration creates not only economic value but also broader social value.

Another aspect of institutional design strengthened through regulations is the protection of workers' rights. Before 2016, BUMDes workers faced uncertainty regarding payroll, working hours, and social security. With the new regulations, these rights are explicitly regulated and accompanied by a clear complaint mechanism (Nuraisyah & Haryono, 2023). This reflects the principle of procedural justice, also emphasized by Ansell and Gash (2008) as a building block of healthy collaboration. With a structured protection system, workers feel secure and trust management, resulting in a more productive and professional work environment. These regulations demonstrate that institutional design is not merely a bureaucratic instrument but also a tool for building internal trust within collaborative organizations like BUMDes.

Increasing transparency in financial management is the next milestone in strengthening regulations. Previously, the lack of information often raised suspicions from both the public and potential business partners. However, regulations require financial reports to be prepared periodically and submitted openly, both to the community and in village meetings (Mannan et al., 2023). This transparency strengthens the public accountability dimension, which, according to Ansell and Gash (2008), serves as a balance of power between implementing actors and stakeholders. Clarity in reporting also enables village governments to conduct effective oversight, thus preventing potential misuse of funds early on. This practice creates a governance environment that supports the sustainability and integrity of the collaborative system.

Village governments also play an active role in strengthening institutional design through administrative facilitation and mentoring of Village-Owned Enterprises (BUMDes). The regulations explicitly stipulate the role of village governments in supporting the operations and development of business units. This role is realized in the form of assistance in the preparation of Standard Operating Procedures (SOPs), financial evaluations, and training for BUMDes managers (Ruja et al., 2024). Within the Collaborative Governance framework, the involvement of village governments as facilitators strengthens BUMDes' position as a coordination hub between the community, government, and the private sector. These regulations also avoid role conflicts that previously arose due to unclear responsibilities between actors. Thus, support from state actors helps ensure the sustainability of collaborative institutions at the local level.

## **b. External Incentives**

External incentives are a crucial element in establishing the initial conditions for productive collaboration in BUMDes governance. In the context of BUMDes Payang Sejahtera, external incentives do not solely come from state actors or large corporations, but rather from the direct contributions of village communities, reflecting the strength of local social capital. Ansell and Gash's (2008) theory of collaborative governance emphasizes that successful collaboration depends heavily on the availability of sufficient resources and an initial perception of fairness in the distribution of burdens and benefits. In Sungai Payang Village, initial community support in the form of financial donations, community service for BUMDes infrastructure development, and land loans demonstrates the village community's strong intention to support the BUMDes as a

collective economic instrument. These contributions form part of the starting conditions that form the basis of trust between local actors. This participation demonstrates that successful collaboration is not only about the presence of policies, but also the extent to which the community feels ownership and is ready to contribute to joint initiatives.

Community participation in the form of providing physical assets significantly helps reduce the initial capital burden, which is usually a major obstacle for BUMDes. The operational office and initial storage warehouse were built on land donated by the community, and the construction was carried out collaboratively by residents. In this process, the village government facilitated administrative and legal requirements, while the community acted as labor and material providers. This creates what is known in Collaborative Governance as shared ownership, where burdens and responsibilities are shared, fostering a strong sense of collective responsibility. This social incentive strengthens cohesion between administrators and the community and serves as a counterbalance to the formal power held by the village government. This strength of participation then creates a long-term community commitment to the BUMDes and its business management processes.

Initial community donations are also inextricably linked to trust in village leadership and the perceived transparency of the BUMDes structure. Clear regulations, enacted through Village Regulation No. 8 of 2016, enhance BUMDes' credibility in the eyes of the community (Kholis et al., 2021). This legal clarity provides residents with confidence that their donations will be used appropriately and have a direct impact on collective well-being. Within the framework of Collaborative Governance, clear ground rules are the initial factor creating incentives for active participation. Without legal clarity and procedural certainty, community incentives are unlikely to emerge due to low trust in the managing institution. Therefore, the presence of regulations serves as a catalyst for the mobilization of social and economic resources at the grassroots level.

External incentives from the community also manifest in the form of direct participation in the BUMDes' economic activities. Many residents are willing to work in BUMDes business units, such as fresh fruit bunch (FFB) transportation services, refillable drinking water, and compost processing, with more flexible wages but accompanied by a strong sense of ownership. In some cases, residents are also willing to delay payments for certain services to maintain the BUMDes' cash flow stability. This behavior reflects a high level of loyalty that is not solely based on economic calculations, but on the values of collectivity and social trust. In the context of Ansell and Gash's (2008) theory, this dynamic falls under the aspect of interpersonal trust, namely trust between parties that grows from shared work experiences and repeated transparency.

Thus, it can be concluded that community-based external incentives at the Payang Sejahtera Village-Owned Enterprise (BUMDes) serve as a moral, social, and operational foundation for the growth of village collaboration. Support in the form of funds, labor, assets, ideas, and social networks demonstrates that the community is not merely an object of development, but a key actor in strengthening the village economy. Within the framework of Collaborative Governance (Ansell & Gash, 2008), such incentives create initial conditions conducive to active engagement, the creation of trust, and the equitable distribution of benefits. The success of the Payang Sejahtera Village-Owned Enterprise (BUMDes) in mobilizing and managing these incentives is clear evidence that collaborative power can grow from the roots of the community, not just from formal institutional power.

## **2) Adaptive Collaborative Approach**

### **a. Dialogic Forum**

Payang Sejahtera Village-Owned Enterprise (BUMDes) implements a collaborative strategy based on a dialogic forum as part of an adaptive collaborative approach to managing and developing its business units. Regular village meetings go beyond fulfilling administrative requirements and serve as a deliberative arena that brings together villagers, BUMDes managers, the village government, and private sector partners. In this forum, the community has a space to directly evaluate BUMDes performance, including openly expressing aspirations and complaints. This practice reflects the principled engagement principle in Collaborative Governance Theory, which emphasizes the importance of a dialogue space based on trust and commitment to shared goals (Ansell & Gash, 2008).

Regular meetings involving partner companies such as PT. PPA and PT. CK also form part of cross-sector dialogue forums. During these meetings, various technical adjustments regarding drinking water supply

volumes, laundry hygiene standards, and nutritional composition in catering businesses were agreed upon. These discussions create alignment between industrial business needs and village empowerment agendas. In this regard, dialogue forums serve as instruments to ensure shared understanding and interdependence among actors with diverse backgrounds (Ansell & Gash, 2008). This also reinforces the findings of Azizah et al. (2021), which found that such forums accelerate the transformation of village potential into professional services that are competitive in the eyes of industry partners.

An internal dialogue forum was also established within the BUMDes organizational structure to capture and channel the voices of business units. Each unit, such as fresh fruit bunches (FFB) transportation, catering, and laundry, has a regular reporting schedule that is openly discussed by management and the village government. This model allows for two-way information circulation and increased responsiveness to operational challenges. Pratiwi et al. (2023) noted that this intensive dialogue boosts the efficiency of the drinking water distribution system, one of the BUMDes's flagship business units. In addition to strengthening the BUMDes' bargaining position, the forum also improves service quality in line with industry expectations.

The presence of the village government as a facilitator in the dialogic forum strengthens facilitative leadership, which is essential in the collaborative governance model. The village head acts not only as an administrative supervisor but also as a conflict mediator and strategic discussion director in the collaborative negotiation process. Support from village policies, including Village Regulation No. 08 of 2016, provides strong legitimacy to the deliberation process as a pillar of collaborative governance (BeritaKaltim Editorial Team, 2022). In practice, the village government also plays a role in overseeing the feasibility of new business proposals, such as composting and housekeeping services, through this forum.

The active participation of vulnerable groups, such as housewives and widows, also resulted from inclusive dialogue forums addressing the local workforce empowerment agenda. These discussions resulted in the decision to provide flexible work schemes in the laundry and catering units, including the provision of technical training. Pradana & Fitriyanti (2019) showed that involving marginalized groups in economic activities through participatory mechanisms encourages the emergence of pro-equity policies in the governance of village-owned enterprises (BUMDes). This aligns with the inclusive institutional design theory of Ansell and Gash (2008), which emphasizes the importance of inclusive institutional design in collaborative processes.

As a social learning forum, deliberations and coordination meetings also serve as an arena for knowledge exchange between BUMDes business actors and external parties. When BUMDes encounter technical challenges in managing CPO and FFB transportation logistics, the forum is used to seek input from partner companies. In this context, the forum serves as a platform for capacity building, improving BUMDes managerial skills through open communication between stakeholders (Fatimah et al., 2024). By involving field operational staff in this forum, information from the grassroots level can be used as a basis for formulating technical policies.

Dialogic forums have also proven to be effective conflict resolution mechanisms. One concrete example is the handling of residents' protests regarding the quality of refillable drinking water services. The Village-Owned Enterprise (BUMDes) responded to the issue through an ad hoc forum bringing together customers, business unit operators, and the village government. This resulted in revised distribution standard operating procedures (SOPs) and updated filtration systems. Open discussions and collective decision-making reflect deliberative practices that create mutual benefits and strengthen social trust, as Fukuyama (1997) theorized within the framework of social capital.

The existence of a dialogic forum also serves as a catalyst for the creation of new business innovations based on local potential and market signals. The brainstorming process in this forum generated the idea of developing a housekeeping service unit and food court, which was then implemented with the support of CSR funds and partnerships (Syahdat, 2023). This forum connects actors with previously dispersed resources. In Collaborative Governance, this reflects intermediate outcomes in the form of learning and trust-building as prerequisites for long-term success (Ansell & Gash, 2008).

With a systematic, participatory, and adaptive dialogic forum structure, Payang Sejahtera Village-Owned Enterprise (BUMDes) not only carries out village economic governance functions but also transforms into a local democratic space that bridges the interests of the community, the state, and the market. This forum

contributes directly to the sustainability of BUMDes' strategic collaboration with business partners, while also serving as an ideal model for other villages in building a participation-based collaboration system. Deeply rooted in Collaborative Governance Theory and reinforced by responsive and accountable field practices, the dialogic forum has become the main foundation for a resilient and inclusive village economic governance ecosystem.

#### **b. Facilitative Leadership**

Facilitative leadership is a crucial component in building effective collaboration between the Payang Sejahtera Village-Owned Enterprise (BUMDes), the community, and private sector partners. In the theory of Collaborative Governance (Ansell & Gash, 2008), a facilitative leader is positioned as a mediator who bridges the interests of various actors through two-way communication and a balanced division of roles. The Village Head of Sungai Payang plays this role by actively facilitating dialogue between the BUMDes and partner companies, including in strategic decision-making related to business expansion. This role is evident in coordination meeting forums discussing the evaluation of collaborations on refillable drinking water services, catering, and harvest transportation. With open and collaborative leadership, diverse interests can be aligned towards mutually beneficial common goals. This approach creates a relationship of trust between actors that is the foundation for successful village economic cooperation (Azizah et al., 2021; Fukuyama, 1997).

The role of facilitative leadership is also reflected in efforts to ensure the sustainability of strategic business units such as fresh fruit bunch (FFB) and crude palm oil (CPO) transportation. Village heads and village-owned enterprise (BUMDes) management designed a fleet management system and employee incentives that prioritized logistical efficiency and driver welfare. According to Ansell and Gash (2008), facilitative leaders not only serve as policy makers but also as process managers, capable of building synergy between implementing units. In practice, drivers receive technical training and structured work schedules, while partner companies receive timely distribution services that meet industry standards. This innovation not only increases BUMDes revenue but also strengthens the positive interdependence between village businesses and the private sector (Fatimah et al., 2024). This approach reflects leadership based on problem-solving and high technical competence.

Facilitative leadership also encourages the involvement of vulnerable groups in village economic activities. In this case, the Payang Sejahtera Village-Owned Enterprise (BUMDes) provides work space and training for women and widows to participate in catering and laundry businesses. This decision was made through a dialogical forum facilitated by the village head and approved by the village deliberation as a form of commitment to the principle of social inclusion. Collaborative Governance Theory requires leaders to be able to create an institutional design that allows all actors to be represented and contribute (Ansell & Gash, 2008). The flexible work scheme offered to this group demonstrates how village leadership facilitates a balance between economic productivity and social justice. This strategy aligns with the principle of community empowerment as proposed by Cook and Macaulay (1997), which emphasizes the importance of recognizing the potential of marginalized groups in local development.

The facilitative leadership implemented by the village government and the management of the Payang Sejahtera Village-Owned Enterprise (BUMDes) has proven effective in encouraging responsive and equitable cross-sector collaboration. This leadership not only creates efficiency in business management but also increases community participation, expands employment opportunities, and strengthens trust between the village and the private sector. From the perspective of Collaborative Governance Theory, this type of leadership is a key catalyst in building consensus, maintaining accountability, and creating sustainable collective outcomes (Ansell & Gash, 2008). This strategy can serve as a good practice example for other villages in implementing economic governance based on collaboration and participation. With a commitment to the values of openness, empowerment, and consistency, the Payang Sejahtera Village-Owned Enterprise (BUMDes) has succeeded in making facilitative leadership a key foundation for village economic transformation.

### **3) Sustainable Outcomes**

#### **a. Business Diversification**

The business diversification strategy implemented by Payang Sejahtera Village-Owned Enterprise (BUMDes) is a concrete implementation of Collaborative Governance Theory (Ansell & Gash, 2008), where



collaboration between stakeholders is key. BUMDes developed 14 business units based on local potential, covering agriculture, livestock, services, and the creative economy sector. These business units include laying hen farms, cattle farms, palm oil compost processing, employee catering services, laundry services, FFB and CPO transportation services, and food court management. This approach reflects the principle of diversification based on local needs and strengths accelerated through partnerships with the private sector. This partnership is a form of shared readiness (Ansell & Gash, 2008) in building village economic capacity, strengthening BUMDes' position as a driving force for growth. This diversification initiative demonstrates the success of cross-sector collaboration in expanding business fields and increasing village economic resilience.

Digital innovation has become an integral part of the Payang Sejahtera Village-Owned Enterprise (BUMDes) business diversification strategy. Through Brilink services and social media-based promotions, BUMDes has succeeded in significantly expanding its market reach, adapting to the dynamics of the digital economy. This technological integration demonstrates participatory adaptation to changes in the external environment, as emphasized in Collaborative Governance Theory (Ansell & Gash, 2008). With the presence of digital financial services at the village level, public access to banking transactions has increased, while simultaneously encouraging the growth of the local micro and MSME sectors. Product promotion through social media also allows BUMDes to optimize the competitiveness of business units amidst increasingly fierce market competition. This step demonstrates that collaboration between actors, particularly between BUMDes, the community, and private partners, can build adaptive innovation and strengthen the resilience of the village economy.

Within the framework of strategic collaboration, the Payang Sejahtera Village-Owned Enterprise (BUMDes) partnership with the private sector serves as a key catalyst for business development. Business units such as catering, laundry, transportation, and drinking water are developed through operational collaborations with local plantation and mining companies. This collaboration aligns with the key principles of Collaborative Governance, namely the equitable distribution of responsibilities and resources to achieve shared goals (Ansell & Gash, 2008). In addition to venture capital, the private sector also contributes to job skills training, technical capacity building, and market access for village products and services. This strengthens the network of trust (Fukuyama, 1997), a prerequisite for successful collaborative business management. Thus, business diversification not only generates economic growth but also deepens socio-economic integration among stakeholders in Sungai Payang Village.

The diversification of the Payang Sejahtera Village-Owned Enterprise (BUMDes) also demonstrates the optimal utilization of local resources as a basis for business unit development. For example, potential agricultural land and palm oil waste are processed into compost, while local labor is empowered in various service sectors such as catering and laundry. This strategy aligns with the concept of local social and economic capital expressed by Bourdieu (1977) and formulated in the principle of empowerment (Cook & Macaulay, 1997). By simultaneously empowering human and natural resources, the BUMDes not only creates economic added value but also builds the social resilience of the village community. This empowerment process strengthens local independence and expands economic benefits in an inclusive manner, in line with the collaborative spirit of participatory governance (Ansell & Gash, 2008).

The diversification of businesses has also had a significant impact on increasing the turnover and capacity of Village-Owned Enterprises (BUMDes). Data shows that BUMDes turnover increased from IDR 7.8 billion in 2020 to IDR 14 billion in 2021, reflecting nearly a one-year increase. This increase is an indicator of the successful implementation of effective collaboration in village business development. Through business sector diversification, the risk of failure due to dependence on a single business sector can be minimized, as suggested in the literature on community-based economic collaboration (Tawakkal et al., 2024; Fatimah et al., 2024). Furthermore, this success demonstrates that the collaboration-based business management model has proven adaptive to local economic challenges and dynamics.

The impact of business diversification is not only visible in the financial aspects of the Village-Owned Enterprise (BUMDes), but also has a direct impact on the welfare of the village community. Employment absorption has seen a significant surge, from 295 unemployed to 2,066 active workers, including 224 permanent BUMDes employees. This phenomenon demonstrates that strategic collaboration can create multiplier effects

for the local economy, in line with the Collaborative Governance framework that emphasizes the importance of sustainable outcomes (Ansell & Gash, 2008). Through the creation of new jobs, village communities not only earn a steady income but also develop new skills relevant to the needs of the modern job market.

In addition to creating jobs, the diversification of the Payang Sejahtera Village-Owned Enterprise (BUMDes) has also increased the income of individual villagers. For example, workers in the catering unit reportedly earn between Rp 3.5 million and Rp 4 million monthly, significantly higher than the previous average income in the informal sector. This aligns with the concept of community economic empowerment (Cook & Macaulay, 1997), where involvement in stable, productive businesses enables individuals to improve family welfare and enhance quality of life. The close relationship between business diversification and increased income also demonstrates the success of collaborative strategies that emphasize empowerment based on the real needs of village communities.

#### **b. Sustainable Economic Growth**

The collaborative strategy implemented by the Payang Sejahtera Village-Owned Enterprise (BUMDes) has driven sustainable village economic growth. The increase in BUMDes turnover from IDR 7.8 billion in 2020 to IDR 14 billion in 2021 demonstrates not only financial growth but also the effectiveness of collaborative governance in building a long-term economic foundation. This growth demonstrates that the involvement of multiple actors—BUMDes, the village government, the private sector, and the community—can produce sustainable collective outcomes (Ansell & Gash, 2008). This increase in turnover demonstrates that the synergy established not only meets immediate needs but also prepares the village's economic capacity to adapt to future challenges. By strengthening inclusive business governance, Payang Sejahtera BUMDes is able to optimize local resources into a sustainable economic force.

The village's economic growth is also reflected in the massive absorption of local labor. From 295 unemployed, the number of productive workers has increased to 2,066, including 224 permanent employees managed directly by the Village-Owned Enterprise (BUMDes). This employment increase demonstrates the success of collaboration in creating a new, more inclusive and equitable economic structure, in line with the principles of Collaborative Governance, which emphasize the importance of dialogue, participation, and human resource empowerment (Ansell & Gash, 2008). With broader employment opportunities, villagers not only earn a steady income but also strengthen their socio-economic involvement at the community level. This emphasizes that collaboration-based economic development can expand access to economic opportunities in a sustainable manner.

In addition to expanding employment opportunities, strategic collaboration within Village-Owned Enterprises (BUMDes) also contributes to the growth of community income quality. Workers in businesses such as catering, laundry, and CPO/FFB transportation earn a monthly income of between Rp 3.5 million and Rp 4 million, representing a more decent standard of living compared to traditional informal sector incomes. This increased income not only contributes to individual well-being but also strengthens local purchasing power and stimulates village economic circulation. The principle of economic empowerment based on local needs, as emphasized by Cook and Macaulay (1997), is reflected in the collaborative working mechanism of Payang Sejahtera Village-Owned Enterprises (BUMDes). With more equitable income distribution, the risk of social inequality can be reduced, resulting in economic growth that is not only rapid but also equitable and sustainable.

Village economic growth is also driven by digital innovations initiated by the Payang Sejahtera Village-Owned Enterprise (BUMDes). Brilink services and social media promotions expand market reach and accelerate financial transactions at the village level. This innovation demonstrates that collaboration extends beyond conventional sectors to technological adaptation, strengthening local economic competitiveness in the digital era. According to Ansell and Gash (2008), adaptive innovation in collaboration is key to maintaining sustainable growth in a rapidly changing environment. Through this digital transformation, BUMDes has demonstrated its ability to build a resilient, modern, and responsive village economy.

In the long-term, BUMDes collaboration with the private sector also opens up learning opportunities and strengthens the capacity of residents. Skills training provided by partner companies in catering, food processing, laundry management, and transportation enhances the competency of village human resources. This activity represents a concrete implementation of the capacity-building principle in Collaborative Governance (Ansell &

Gash, 2008), where strengthening local capacity is a crucial foundation for sustainable development. With the new skills acquired, villagers have a greater opportunity to survive in the labor market and develop independent businesses. This demonstrates that collaboration not only generates economic growth but also strengthens competency-based socio-economic resilience.

Social cohesion formed through active community participation in Village-Owned Enterprises (BUMDes) business units is also a foundation for sustainable economic growth. Community involvement in village deliberations, business planning, and business unit management creates a strong sense of ownership in the economic development process. As Fukuyama (1997) emphasized, the success of collective development depends on the level of social trust and community cohesion. In the case of BUMDes Payang Sejahtera, collaboration that prioritizes open communication, mutual trust, and shared commitment strengthens social integration, ultimately supporting the stability and sustainability of the village economy. Thus, the economic growth that occurs is not instantaneous but is deeply rooted in the village's social structure.

Overall, the experience of the Payang Sejahtera Village-Owned Enterprise (BUMDes) demonstrates that multi-actor collaboration based on trust, dialogue, shared capacity, and innovation can be an effective strategy for achieving sustainable village economic growth. This collaborative model integrates economic growth with social empowerment and community-based innovation, creating an ecosystem resilient to change. These findings affirm that Collaborative Governance Theory (Ansell & Gash, 2008) is not only relevant to formal government contexts but also highly applicable to building a dynamic, collaboration-based village economy. With this approach, Sungai Payang Village is able to tread a path of inclusive, adaptive, and long-term economic growth.

#### **4.4.Key Factors in the Implementation of Economic Empowerment of Payang Sejahtera Village-Owned Enterprises**

##### **1) Leadership and Management**

The successful implementation of community economic empowerment is heavily influenced by effective leadership and management (Umar et al., 2023). In the context of the Payang Sejahtera Village-Owned Enterprise (BUMDes), strong leadership and a clear vision are key factors in directing the village economic empowerment program. The Village Head of Sungai Payang and the Director of BUMDes Payang Sejahtera play a central role in ensuring that implemented policies and strategies are aligned with established objectives. Good leadership is demonstrated not only through strategic decision-making but also in building synergy between various stakeholders, including the village government, the community, and the private sector. With an inclusive approach, leaders at BUMDes Payang Sejahtera are able to create a conducive environment for village economic growth.

According to collaborative governance theory (Ansell & Gash, 2008), facilitative leadership is essential to ensuring the success of community economic empowerment programs. This model emphasizes that leaders must be able to build trust, create space for dialogue, and accommodate diverse interests in the decision-making process. At the Payang Sejahtera Village-Owned Enterprise (BUMDes), the leadership implemented adheres to the principles of transparency and accountability, where every policy adopted always involves the community through village deliberations. This approach has proven effective in fostering a sense of community ownership of the economic empowerment program, thus motivating them to actively participate in BUMDes activities.

In addition to effective leadership, professional management is also key to implementing community economic empowerment (Laru & Suprojo, 2019). Payang Sejahtera Village-Owned Enterprise (BUMDes) applies the principles of good governance in its operations, including in its administration system, financial management, and human resource management. Scott (2004) in institutional theory emphasizes that successful institutions are those with clear regulations, strong norms, and cultural values that support organizational sustainability. In this regard, Payang Sejahtera Village-Owned Enterprise (BUMDes) adopts a transparent financial recording system, conducts regular audits, and ensures that every business decision is based on sound data and analysis.

Adaptive leadership is also a crucial element in the management of the Payang Sejahtera Village-Owned Enterprise (BUMDes). In facing various challenges, such as regulatory changes, market dynamics, and global economic challenges, flexible and responsive leadership is essential. Bourdieu (1977), in his theory of social change, stated that changes occurring within an organization are highly dependent on the ability of its actors to

adapt to the external environment. In the context of BUMDes, the ability to adapt business models to market needs and innovation in business development are key factors in ensuring the sustainability of community economic empowerment.

The implementation of economic empowerment also requires an effective evaluation mechanism to ensure continuous program refinement. At the Payang Sejahtera Village-Owned Enterprise (BUMDes), evaluations are conducted through village meetings, where the community is given the opportunity to provide input and critique policies. According to Meter and Horn's (1975) policy implementation theory, one of the determining factors for successful policy implementation is the existence of an effective monitoring and evaluation mechanism. With an open evaluation system, the Payang Sejahtera Village-Owned Enterprise (BUMDes) is able to identify weaknesses in its management and take necessary corrective measures.

Beyond leadership and governance, the sustainability of economic empowerment also depends heavily on active community involvement. In social capital theory (Fukuyama, 1997), trust and strong social networks are key factors in determining the success of community collaboration. In Sungai Payang Village, the community is not only the beneficiary of the empowerment program but is also directly involved in the planning and implementation of various business units managed by the Village-Owned Enterprise (BUMDes). This community participation creates a collaborative climate that strengthens a sense of ownership in the BUMDes, fostering a greater commitment to supporting the program's sustainability.

Overall, leadership and management play a crucial role in implementing community economic empowerment. The Payang Sejahtera Village-Owned Enterprise (BUMDes) demonstrates that with inclusive leadership, professional governance, and active community involvement, economic empowerment can be sustainable. The success of this model can serve as a reference for other villages seeking to develop BUMDes-based empowerment programs, emphasizing the principles of transparency, accountability, and collaboration between the village government, the private sector, and the community.

## **2) Implementation Standards and Targets**

Implementation standards and targets are key elements in the success of community economic empowerment programs (Sawitri et al., 2020). In the context of the Payang Sejahtera Village-Owned Enterprise (BUMDes), the implementation standards applied include the principles of transparency, efficiency, and sustainability. These standards relate not only to administrative aspects but also to the management practices of the business units being run. To ensure effective implementation, the Payang Sejahtera BUMDes refers to Sungai Payang Village Government Regulation Number 08 of 2016, which serves as the legal basis for BUMDes management. This regulation establishes operational mechanisms that include organizational structure, the roles of each party, and financial accountability mechanisms. With clear standards, each business unit within the BUMDes has work guidelines that ensure the achievement of predetermined targets. (Ibrahim & Phahlevy, 2024).

In policy implementation theory (Meter & Horn, 1975), clear implementation standards and objectives facilitate the evaluation process and ensure policies are implemented in accordance with their initial objectives. The Payang Sejahtera Village-Owned Enterprise (BUMDes) implements operational standards in every business unit it operates, such as trade, services, and livestock. For example, in its refillable drinking water supply business, the BUMDes establishes quality standards that must be met, from production to distribution. This ensures that the resulting product is not only economically profitable but also meets consumer health and safety standards (Suprihanto & Putri, 2021). Furthermore, in the catering business, food hygiene and quality standards are a top priority to meet the requirements of business partners, particularly private companies, which are the BUMDes' primary clients.

Collaborative governance theory (Ansell & Gash, 2008) emphasizes that successful policy implementation relies heavily on having goals that are understandable and accepted by all stakeholders. In this regard, the Payang Sejahtera Village-Owned Enterprise (BUMDes) not only sets goals internally but also involves the community in the planning and evaluation process. Each year, the BUMDes holds a village meeting to set new goals based on an evaluation of the previous year's performance. This approach ensures that every decision made reflects the needs and aspirations of the village community (Raudah & Maulana, 2023). Furthermore, community involvement in setting goals also creates a strong sense of ownership in the BUMDes, making them more enthusiastic in supporting the programs implemented.



The implementation of economic empowerment standards and targets at the Payang Sejahtera Village-Owned Enterprise (BUMDes) also reflects the principles of institutional theory (Scott, 2004), where the sustainability of an economic program depends on clear regulations, strong norms, and cultural values that support business growth. For example, in financial management, the BUMDes implements a transparent and open reporting system to ensure that all profits earned are reallocated for business development and community interests. This accountability standard is a key factor in increasing public trust in the BUMDes, which ultimately results in increased participation in various economic programs.

In addition to internal aspects, implementation standards also encompass collaboration with external parties, such as local governments and the private sector. According to social capital theory (Fukuyama, 1997), strong social networks can enhance the effectiveness of inter-stakeholder collaboration, particularly in supporting the sustainability of village economic programs. At the Payang Sejahtera Village-Owned Enterprise (BUMDes), collaboration with mining and palm oil plantation companies is a key strategy for expanding its business reach and creating new economic opportunities for the village community. For example, in providing catering and refillable drinking water services, the BUMDes sets standards that comply with partner company regulations, ensuring long-term partnerships. This standardization of services allows the BUMDes to compete professionally with other service providers and enhances the competitiveness of village businesses regionally.

Overall, the implementation standards and targets adopted by the Payang Sejahtera Village-Owned Enterprise (BUMDes) play a crucial role in ensuring that every program it implements has a positive impact on the community. By adhering to clear regulations, involving the community in planning, and collaborating with various parties, the BUMDes has been able to create a sustainable economic empowerment model. This success demonstrates that appropriate standards and targets not only increase the effectiveness of village economic programs but also strengthen community trust in the local institutions responsible for their economic development.

### **3) Partnerships with Surrounding Industries**

Partnerships with surrounding industries are a key strategy for implementing community economic empowerment in Sungai Payang Village. Through collaborations with various companies operating in the surrounding area, the Payang Sejahtera Village-Owned Enterprise (BUMDes) has successfully created broader economic opportunities for the local community. This collaboration is not only oriented towards increasing BUMDes revenue but also empowering the local workforce (Nasila & Napu, 2024). Several business units developed through this partnership include catering services, laundry services, employee transportation, and refillable drinking water supplies. This collaboration provides the village community with access to more stable and sustainable employment opportunities, significantly improving their well-being (Humanika et al., 2023).

From the perspective of collaborative governance theory (Ansell & Gash, 2008), partnerships between the public and private sectors are a form of governance that allows various parties to work together to achieve common goals. In Sungai Payang Village, the partnership between the Village-Owned Enterprise (BUMDes) and surrounding industries not only helps optimize local economic potential but also encourages active community participation in village economic development. The village government acts as a facilitator, bridging the relationship between the BUMDes and the industrial sector, ensuring that the collaboration benefits all parties. With this mediating role, potential conflict between the community and the company can be minimized, while productive collaboration can continue to develop.

One of the most successful partnerships is the Payang Sejahtera Village-Owned Enterprise (BUMDes)'s collaboration with plantation and mining companies operating in the surrounding area. The BUMDes has contracted with several companies to provide catering services for their employees. In its operations, the BUMDes employs workers from the village community, particularly female heads of households who require a steady income. Furthermore, the company provides training to the BUMDes workforce to ensure they meet industry-set service standards. This partnership model aligns with empowerment theory (Cook & Macaulay, 1997), which emphasizes that empowerment occurs not only through job opportunities but also through increased individual capacity and skills. Through this training, community members not only gain employment but also acquire skills they can utilize in the long term.

In addition to the catering sector, Payang Sejahtera Village-Owned Enterprise (BUMDes) also collaborates with companies to provide employee transportation and produce transportation. For example, the BUMDes

manages transportation services that transport company employees to and from work locations, and provides a fleet for transporting oil palm fruit bunches (FFB) and crude palm oil (CPO). This collaboration provides a stable source of income for the BUMDes and creates business opportunities for vehicle owners in the village who can become partners in this transportation service. According to social capital theory (Fukuyama, 1997), the collaborative network established between the BUMDes, companies, and local communities creates a mutually supportive economic ecosystem. Trust and active involvement in these relationships are key factors in the success of the partnerships that have been built.

Partnerships with industry also impact the institutional capacity of BUMDes. In institutional theory (Scott, 2004), the success of an institution depends heavily on its ability to adapt to the external environment and capitalize on existing opportunities. In the context of BUMDes Payang Sejahtera, collaboration with industry has encouraged more professional management, from administrative systems and financial management to human resource management. With standards implemented by partner companies, BUMDes must improve the quality of their services to remain competitive and maintain long-term partnerships (Nandang et al., 2024). This encourages BUMDes to continue innovating and developing their businesses, enabling them to compete with other service providers in the same sector.

Overall, partnerships with surrounding industries have been a key factor in implementing community economic empowerment in Sungai Payang Village. Through a mutually beneficial collaboration model, the Payang Sejahtera Village-Owned Enterprise (BUMDes) has successfully created new economic opportunities, improved the skills of the local workforce, and strengthened their institutional capacity. While implementation challenges remain, various strategic steps have been taken to ensure this collaboration continues to grow and provide long-term benefits to the village community. This success demonstrates that partnerships between the public and private sectors can be an effective solution for promoting sustainable, community-based economic development.

#### **4) Socio-Economic Conditions**

The socioeconomic conditions of village communities are a crucial factor in determining the success of economic empowerment implementation (Graha, 2009). In Sungai Payang Village, one of the community groups most in need of economic empowerment interventions are widows who are the breadwinners of their families. Many of them struggle to find permanent employment due to limited skills, education, or age. The Payang Sejahtera Village-Owned Enterprise (BUMDes) saw this as an opportunity to create programs that could directly benefit this group. By leveraging the village's economic potential and partnering with surrounding industries, the BUMDes has successfully provided decent employment for widows, while simultaneously helping to improve the well-being of them and their families.

From the perspective of empowerment theory (Cook & Macaulay, 1997), empowerment is not only about providing access to employment but also ensuring that individuals have control over their economic lives. Therefore, the Payang Sejahtera Village-Owned Enterprise (BUMDes) not only provides job opportunities for widows but also provides them with relevant training to improve their job skills. For example, in the laundry and housekeeping business, widows are trained in hygiene standards and service management, enabling them to work more professionally. Furthermore, in the catering business, they are trained in cooking and kitchen management to meet the quality standards set by partner companies. With this approach, widows who previously relied on social assistance now have a stable source of income and can live more independently.

The success of this widow empowerment program is also related to the theory of social capital (Fukuyama, 1997), which emphasizes that social ties and cooperative networks within a community can strengthen the community's economy. In the context of the Payang Sejahtera Village-Owned Enterprise (BUMDes), the established social network allows the widows to support each other in running their businesses. They not only work in an inclusive environment but also receive support from fellow workers in overcoming the challenges they face. With this community support, the widows feel more valued and are more motivated to work and improve their skills.

However, challenges in empowering widows stem not only from limited skills but also from social perceptions that still limit their employment opportunities. In some cases, widows are often considered a vulnerable and less productive group, so many companies are reluctant to provide them with employment opportunities. Therefore, the Payang Sejahtera Village-Owned Enterprise (BUMDes) acts as an intermediary,

bridging widows with the world of work. By collaborating with companies around the village, the BUMDes ensures that widows can obtain equal employment opportunities with other groups. This step aligns with the theory of social change (Bourdieu, 1977), which states that social change occurs when individuals and groups gain access to resources previously difficult to access. By providing widows with access to work in the formal sector, the BUMDes contributes to changing the social structure that has limited their opportunities.

In terms of economic conditions, the wages received by widows in this empowerment program are also quite competitive compared to the informal jobs they often held previously. In the laundry and housekeeping businesses managed by the Village-Owned Enterprise (BUMDes), the average wage received by workers ranges from IDR 4 million to IDR 10 million per month, depending on their position and responsibilities. With this income, they are not only able to meet their family's basic needs but also begin saving and investing for the future. In policy implementation theory (Meter & Horn, 1975), one of the factors determining the success of a policy is its tangible economic impact on the target group. In this case, the increased income earned by widows through the BUMDes program demonstrates that the implemented economic empowerment policy has successfully provided concrete benefits to the community.

In addition to income, social welfare is also a key focus of this empowerment program. The Payang Sejahtera Village-Owned Enterprise (BUMDes) not only provides jobs for widows but also ensures they have a decent and supportive work environment. Some widows working in catering businesses, for example, are given flexible work schedules so they can continue to care for their children. The BUMDes also collaborates with the village government to provide health services and social assistance to widows still facing economic hardship. This approach reflects the principles of institutional theory (Scott, 2004), which emphasizes that the success of an institution in creating social change depends on systematic regulation and support from various parties.

The impact of widow empowerment is also felt by their children, who now have better access to education and healthcare. Before this program, many children from widowed families struggled to continue their education due to economic constraints. However, with their mothers' increased incomes, these children are able to continue their education to a higher level. This demonstrates that economic empowerment not only impacts working individuals but also benefits the next generation.

Going forward, the Payang Sejahtera Village-Owned Enterprise (BUMDes) plans to expand its empowerment program for widows by opening more business units suited to their skills. One plan currently under development is an entrepreneurship training program for widows who want to start independent businesses. With this training, they will not only be limited to jobs available at the BUMDes but will also have the opportunity to develop their own, more sustainable businesses. This step aligns with the principles of collaborative governance theory (Ansell & Gash, 2008), which emphasizes that the success of an empowerment program requires active community participation in the planning and implementation process.

Overall, the socioeconomic conditions of the community, particularly widows, play a crucial role in the implementation of economic empowerment in Sungai Payang Village. By providing access to decent jobs, skills training, and ongoing social support, the Payang Sejahtera Village-Owned Enterprise (BUMDes) has successfully created an inclusive and sustainable empowerment model. This success demonstrates that with the right approach, vulnerable groups such as widows can be empowered to become part of a productive village economy, thereby improving their well-being and that of their families in the long term.

## **5. CONCLUSION AND SUGGESTIONS**

### **5.1. Conclusion**

The following is a summary of the points of conclusion of this study:

#### **1) Management of Payang Sejahtera BUMDes in Empowering Village Community Economy**

The management of the Payang Sejahtera Village-Owned Enterprise (BUMDes) demonstrates outstanding success through its ability to build strategic partnerships with private companies and translate national policies into local practices. This synchronization is evident in the use of transparent written agreements with PT. PPA and PT. CK, particularly in refillable drinking water and catering services, so that the cooperative relationship does not rely solely on informal agreements. Regular quarterly evaluations demonstrate the integrity of implementation, strengthen partner and community trust, while maintaining consistent performance. The vision and mission to

become a pioneer of successful businesses in East Kalimantan serve as an internalization of policy values within the institutional structure, ultimately increasing social capital and expanding business activities that have a direct impact on the economic benefits of residents.

On the other hand, the Payang Sejahtera Village-Owned Enterprise (BUMDes) demonstrates adaptive and innovative management through diversification of business units based on local needs and potential. Management orientation is not solely profit-oriented, but also incorporates empowerment dimensions, including livestock units, compost processing, and business units involving women and MSMEs. This diversification encourages changes in community behavior from a passive to a more productive one, which can be read as an indicator of the effectiveness of empowerment implementation. The division of responsibilities into business units led by their respective managers confirms the existence of effective internal coordination and the institutional capacity to adapt to changes in the external environment. Thus, local innovation based on village potential is a key factor in maintaining dynamic and sustainable village economic growth.

Furthermore, the governance of the Payang Sejahtera Village-Owned Enterprise (BUMDes) is structured and modern, supported by professional human resources and strong support from the village government. A clear institutional structure encompassing advisors, operational implementers, and supervisors ensures effective decision-making and minimizes role conflicts. Professional and accountable financial and asset management is reflected in the achievement of awards at the East Kalimantan provincial level in 2020, while also strengthening the organization's legitimacy. Village government support through adequate capital participation and the ratification of local regulations provides a legal foundation that ensures institutional sustainability. This combination of good governance, competent human resource capacity, and village government support enables the BUMDes to function as an agent of economic empowerment, expanding employment opportunities, and significantly improving community welfare.

## **2) Collaborative Strategy in the Management and Development of Payang Sejahtera Village-Owned Enterprises**

The Payang Sejahtera Village-Owned Enterprise (BUMDes) collaboration strategy begins with strengthening the initial conditions through a clear institutional design and the creation of incentives and tangible support from the community. The implementation of Village Regulation No. 08 of 2016 provides legal certainty for BUMDes to operate legally and professionally, while simultaneously changing the pre-regulation situation characterized by doubts among business partners and residents due to the lack of formal guarantees. After the regulation was enacted, public and private sector trust increased, followed by community contributions in the form of land grants, financial support, and labor for initial development. This foundation creates a sense of collective ownership and a climate of shared responsibility, so that collaboration is not based on short-term transactional relationships, but is bound by social legitimacy from the initial phase of formation.

Building on this foundation, an adaptive collaborative approach is implemented through an inclusive and participatory dialogic forum that serves as a deliberation space between residents, BUMDes managers, the village government, and business partners. This forum serves to channel aspirations, evaluate programs, resolve conflicts, and formulate strategic decisions, including the involvement of vulnerable groups and the opening of new business units, so that BUMDes remains responsive to local changes and needs. The role of the village head as a facilitative leader strengthens the government's mediation function in bridging interests between stakeholders more equitably. Within the framework of collaborative governance, this dialogue mechanism serves as a medium for building trust, shared understanding, and collective commitment, which work not only as a prerequisite for cooperation but also as social capital supporting institutional sustainability.

Consequently, this cross-sector collaboration has produced sustainable outcomes in the economic and social dimensions, as evidenced by the diversification of business units across the service, agriculture, waste management, and digital services sectors, as well as increased village economic competitiveness through revenue growth and local employment. The sustainability of these achievements is not solely determined by economic performance and managerial aspects, but rather by the connectedness of shared values and togetherness that strengthen a sense of belonging, increase social control, and reduce the scope for conflicts of interest in BUMDes' interactions with various actors. Innovations such as promotion through social media and the use of Brilink services demonstrate the capacity to adapt to changing times, while community participation and private



partnerships are key drivers of success. Thus, BUMDes Payang Sejahtera can be seen as a good practice in collaboration-based economic management that is relevant for replication, as long as its main prerequisites, namely institutional certainty, inclusive dialogue, and social legitimacy, are truly established from the outset.

### **3) The main factors in the implementation of economic empowerment of BUMDes Payang Sejahtera**

The successful implementation of community economic empowerment through the Payang Sejahtera Village-Owned Enterprise (BUMDes) is determined by a combination of leadership factors, clear standards, strong partnerships, and sensitivity to local socioeconomic conditions. First, professional, strong, transparent, and adaptive leadership and management enable synergy between the village government, the community, and the private sector, while strengthening operational effectiveness through good governance principles such as financial transparency and policy accountability. Second, the BUMDes establishes clear operational standards and program targets, encompassing product quality, service, and efficiency, with an orientation toward improving welfare through job creation and strengthening the community-based economy. Community involvement in target formulation and evaluation maintains policy relevance to local needs and ensures long-term impact. Third, partnerships with surrounding industries open up business and employment opportunities through services such as catering, laundry, transportation, and the provision of refillable drinking water, while enhancing the professionalism, institutional capacity, and competitiveness of the BUMDes, thereby ensuring program sustainability.

In addition to these structural factors, the success of empowerment is also influenced by the socioeconomic conditions of the community, especially vulnerable groups such as widows and female heads of households, who are not only provided with access to employment but also with training to strengthen the skills and competitiveness of the local workforce. Clear social support and regulations increase opportunities for economic independence, improve access to basic services, and strengthen family economic stability, so that the BUMDes program contributes to poverty reduction and the formation of a more equitable, competitive, and sustainable village economic ecosystem. With this inclusive approach, empowerment does not stop at increasing income, but moves towards changing the capacity and social position of vulnerable groups within the village economic structure.

At the conceptual level, this study offers novelty by demonstrating that the successful collaboration between the Village Government, the private sector, and Village-Owned Enterprises (BUMDes) cannot be fully explained by a formal and structural collaborative governance framework. Empirical findings in Sungai Payang Village integrate three informal variables into the understanding of collaborative governance: the transformative role of key figures as boundary spanners, personal trust networks that facilitate communication and conflict resolution, and the adaptation of local social values, norms, and practices. This integration confirms that relational and cultural configurations are the main determinants of the effectiveness of collaboration at the village level, which has so far been poorly accommodated in theory. Therefore, this study not only describes practices but also offers a more comprehensive conceptual model for understanding the dynamics of collaborative governance at the grassroots level.

## **5.2. Suggestion**

### **1) For BUMDes Stakeholders**

Village-Owned Enterprises (BUMDes) stakeholders need to strengthen their role in increasing the effectiveness of community economic empowerment through more optimal collaboration strategies. Village governments must act as facilitators in bridging partnerships between BUMDes, the private sector, and local governments, with clear regulations and policies that support innovation. Transparent and accountable governance needs to be strengthened to increase business partners' and community trust in BUMDes operations. BUMDes management must also be more proactive in establishing collaborations with various parties and improving management capacity through business training, partnership negotiations, and resource management. With a more professional and adaptive approach, BUMDes can increase competitiveness and expand its economic impact on village communities.

Village communities, as key stakeholders, also need to be more active in supporting and engaging in the operations of Village-Owned Enterprises (BUMDes), both through supervision and direct participation in the businesses they run. To this end, BUMDes should hold regular forums that involve residents in strategy

formulation and provide skills training to better prepare the local workforce to meet industry demands. Furthermore, local governments need to support the sustainability of BUMDes by providing access to funding, technical assistance, and policies that facilitate collaboration with the private sector. With synergistic support from all parties, BUMDes can develop into a driving force for a more independent, sustainable village economy with a broad impact on community well-being.

## **2) For Further Research**

Further research into village-owned enterprise (BUMDes) collaboration strategies with the private sector and government needs to be conducted by exploring the factors that determine the sustainability of such partnerships. This research can identify negotiation mechanisms, barriers to collaboration, and ways to build trust between BUMDes and their business partners. Furthermore, further research can also examine the effectiveness of digital-based partnership models that enable BUMDes to connect with a wider market through e-commerce platforms and online marketing systems. By leveraging digital technology in collaboration, BUMDes can not only increase transparency in business partnerships but also accelerate village economic growth in a more innovative and inclusive manner.

Future research could also focus on comparing collaboration strategies between various village-owned enterprises (BUMDes) in Indonesia to identify the most effective collaboration patterns in different contexts. This research could explore how geographic, cultural, and regulatory factors influence the dynamics of collaboration between BUMDes and external partners. Furthermore, examining government policies that best support the sustainability of BUMDes partnerships could also be a focus of further research. With a deeper understanding of successful collaboration strategies, BUMDes in various regions can adopt more effective collaboration models that align with their local economic needs.

## **5.3. Research Implications**

### **1) Theoretical Implications**

#### **a. Repositioning Society from Passive Target to Implementative Actor**

This research provides new insights into Meter and Horn's (1975) Policy Implementation Theory by redefining the position of target groups. In conventional models, communities are often positioned as passive objects whose behavior needs to be changed through government program intervention. However, findings in Sungai Payang Village demonstrate a fundamental shift, transforming communities into implementing subjects and key actors determining policy success through active involvement in building and managing Village-Owned Enterprises (BUMDes).

Community engagement in this context is not merely administrative or a mere formality, but rather a manifestation of strategic collective capacity. This participation includes concrete contributions in the form of labor, land provision, initial capital, and innovative ideas that directly impact the effectiveness of policies at the local level. This demonstrates that communities play a core role in implementation structures, capable of influencing policy direction, transcending the initial focus of theory, which tends to emphasize bureaucratic actors and institutional formalities.

Furthermore, this implication emphasizes the importance of expanding the variables in policy implementation theory to include sociocultural factors as drivers of success. At the grassroots level, communities demonstrate creative abilities to contextualize macro policies to align with local village needs and values. Thus, implementation success is no longer measured solely by adherence to central policy designs, but also by the extent to which local actors and communities are given the space to modify and reformulate practical steps adaptive to realities on the ground.

#### **b. Governance Based on Principled Engagement and Shared Motivation**

This research deepens the theory of Collaborative Governance (Ansell & Gash, 2008) by demonstrating that the success of synergy between village governments, the private sector, and village-owned enterprises (BUMDes) is rooted in principled engagement. In Sungai Payang Village, this engagement goes beyond formal meetings, but rather a process of discovering shared interests based on open information and equality. This implies that effective collaboration requires an honest deliberative space, where all parties, including large corporations, are willing to set aside sectoral egos for the greater goal of empowering the local economy.

Shared motivation emerges as a crucial variable that cements long-term commitment between actors. This motivation is built through mutual trust and a shared understanding that the sustainability of private businesses depends heavily on the economic independence of the surrounding community. The theoretical implications suggest that collective motivation does not arise spontaneously, but rather results from repeated, mutually beneficial interactions, transforming relationships from transactional to strategic and sustainable partnerships.

Finally, these findings emphasize that robust collaborative governance requires integration between formal structures and village sociocultural dynamics. The trust that underpins shared motivation is often reinforced by local wisdom values not written into business contracts. Thus, future collaboration theory must be more accommodating to informal factors and social capital, as the strength of a grassroots "social contract" is often more effective in maintaining collaboration stability than mere adherence to administrative procedures.

## **2) Practical Implications**

### **a. Multi-Level Policy Implications**

This research confirms that village-owned enterprise (BUMDes) empowerment policies must be understood within an integrated, multi-level governance framework, not simply as a technical issue at the village level. Effective collaboration relies heavily on the harmonization of vertical regulations and the consistent facilitation of partnerships from the central to regional governments. This implies the need for differentiated yet interconnected policy formulation to ensure that local practices at the village level receive adaptive, inclusive, and long-term sustainability-oriented structural support.

At the district and provincial levels, policy implications focus on strengthening the collaboration ecosystem and harmonizing standards across regions. District governments play a crucial role as managerial mentors and strategic mediators, protecting the bargaining position of village-owned enterprises (BUMDes) in partnerships with the private sector to prevent imbalances in relations. Meanwhile, provincial governments must act as facilitators for expanding regional market access and developing replicable policy guidelines to reduce the disparity in the quality of guidance between regions and ensure that BUMDes can expand beyond their narrow local economic scale.

At the national level, these findings demand national policy orchestration that ensures legal certainty regarding the institutional status and governance of village-owned enterprise (BUMDes) partnerships to avoid multiple interpretations on the ground. The central government needs to provide incentive schemes based on performance and social impact, while simultaneously establishing a national data system as a basis for policy learning. This way, any best practices found at the local level can be systematically identified and used as references in refining the design of stronger and more comprehensive village development policies nationally.

### **b. Strengthening Institutions and Regulations as the Foundation for Professional Village-Owned Enterprise Governance**

Institutional strengthening is an absolute foundation for ensuring the credibility and sustainability of village-owned enterprises (BUMDes) as accountable actors in the village economy. Learning from the success of Sungai Payang Village, a clear organizational structure, legal certainty through Village Regulations, and the development of Articles of Association (AD/ART) aligned with the village development vision are key requirements. Without a solid institutional foundation, BUMDes run the risk of becoming trapped in organizational dysfunction, conflicts of interest, and unclear roles that can hinder village economic independence.

To mitigate the risk of failure, an independent oversight mechanism and ongoing managerial capacity building are necessary. Local governments, through relevant agencies, must provide technical guidance modules to ensure that the establishment of BUMDes is not merely ceremonial. Furthermore, collaboration with universities or experts is essential to improve management competency in financial management, digital marketing, and business innovation, enabling BUMDes to transform into professional entities that are adaptive to market challenges and independent of specific figures.

Local regulatory aspects serve as a protective instrument and enhance the bargaining position of Village-Owned Enterprises (BUMDes) in establishing strategic partnerships with the private sector. Comprehensive village regulations—covering operational procedures, profit sharing, and periodic audit systems—can build trust with business partners and mitigate business risks responsively. By using the Payang Sejahtera BUMDes

model as a reference, other villages can build robust regulatory systems, transforming them into models of good local governance and engines of inclusive economic productivity.

**c. Developing Strategic Partnerships with the Private Sector for Business Diversification and Market Access**

Collaboration between village-owned enterprises (BUMDes) and the private sector is a crucial strategy for encouraging business diversification and expanding market access, creating new business units that absorb local labor. Findings in Sungai Payang Village demonstrate that successful partnerships begin with actively mapping local potential and identifying the needs of companies in the surrounding area for competitive support services. The practical implication is that other villages should be able to recognize opportunities for collaboration in the services, consumer goods, and logistics sectors as new engines of economic growth that benefit both parties.

Sustainable partnerships cannot be built overnight; they require systematic communication, strong negotiation skills, and professional and realistic business proposals. Village-Owned Enterprises (BUMDes) managers must recognize that the private sector operates based on the principles of efficiency and feasibility, making business development training essential to design partnerships that guarantee profitability. By transitioning from transactional to long-term, trust-based relationships, BUMDes can position themselves as credible strategic partners for the business world.

Diversifying businesses through a diverse portfolio is crucial for strengthening the resilience of village economies to market fluctuations and single-sector failures. Village-Owned Enterprises (BUMDes) need to develop various interconnected business units while implementing regular monitoring and evaluation systems to measure financial returns and social impact on the community. To strengthen collective bargaining power, the establishment of regional BUMDes networking forums is highly recommended as a platform for information exchange and competitive business consortiums, enabling village economic strength to compete more confidently at the regional level.

**d. Inclusive Community Empowerment Based on Local Potential as the Main Pillar of the Village Economy**

Inclusive community empowerment is a key principle for preventing marginalization and narrowing social disparities in villages. Findings from Sungai Payang Village demonstrate that the active involvement of vulnerable groups, such as widows and youth, in village-owned enterprise (BUMDes) businesses can transform the village's economic structure into a more democratic one. Consequently, village development strategies must shift from a top-down approach to a participatory model that prioritizes residents, ensuring that all levels of society benefit from every economic success.

To achieve this, BUMDes must function as a strategic space that comprehensively maps local potential through community forums and focused, cross-generational discussions. This process of identifying community aspirations, skills, and interests is crucial for designing relevant training programs and creating new business units rooted in village identity. This participatory engagement not only increases program effectiveness but also builds a strong sense of ownership and strengthens BUMDes' social legitimacy in the eyes of the community.

The sustainability of this empowerment must be supported by affirmative village government policies and structured vocational capacity building. Communities should not be positioned solely as manual laborers, but should be equipped with managerial and technical skills through collaboration with universities or training institutions to gain a bargaining position in the market. By integrating dedicated funding allocations for vulnerable groups and skilled workforce development, villages can build resilient and crisis-resistant economic independence, where development proceeds not only physically but also deeply rooted in the village's social fabric.

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