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Innovative Strategies for Institutional Growth of Village-Owned Enterprises (BumDes) in Karawang City

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Abstract: Village-Owned Enterprises (BUMDes) are vital economic institutions in rural areas, serving both social and commercial functions. As social entities, BUMDes are expected to prioritize community interests by providing social services. Their primary function is to establish a professional and institutional platform for economic activities while leveraging the village's inherent potential. This approach enhances productivity and effectiveness in local businesses. A recent study aimed to develop a strategy for the institutional development of Village-Owned Enterprises in Karawang City using qualitative research and case study methods. The study found that the development of institutional capacity at both individual and organizational levels was not optimal due to constraints such as limited human resources, budgets, facilities, and infrastructure. Additional challenges included poor inter-sectoral coordination, ineffective implementation of standard operating procedures (SOPs), and deficiencies in understanding, skills, commitment, and leadership within BUMDes. The study recommended diversifying strategies at both individual and organizational levels and forming an Integrated Team Alliance to effectively promote the development of BUMDes in Karawang City.

Keyword: Village Owned Enterprises (BUM Des), Institutional Development, Qualitative Approach, Karawang City.

INTRODUCTION

Self-reliance, particularly in rural areas, is a key goal of development (Wang & Ma, 2023; Robert et al., 2021). One of the primary aims of government policy is the advancement of rural regions, which can be achieved through empowering communities to enhance the productivity and diversity of rural enterprises. This approach also necessitates providing the necessary facilities and support systems to stimulate the rural economy. Moreover, it is essential to establish and strengthen institutions that support production and marketing chains. Effective

resource optimization is also vital to laying a solid foundation for economic growth in rural areas (Kolavalli et al., 2020; Barrett et al., 2022). The overarching objective is to create opportunities for rural and regional development, which are fundamental to both regional and national economic progress. The advancement of villages is pivotal to the nation's overall development. As each village progresses independently, achieving community prosperity becomes more attainable, thereby enhancing the nation's overall prosperity index (Rimawan et al., 2020; Cao et al., 2022).

A village is a significant unit of analysis, both materially and metaphorically. Traditional village communities are often viewed as models of virtue, while modern ones are seen as corrupted versions of the original. However, historical evidence contradicts the idea of a traditional village as egalitarian, independent, autonomous, subsystem-oriented, corporate, peaceful, and moral, as stated (Noy, I. 2020); (Li, S., Song et al. 2023). This presents difficulties when the village is used as an image to build a vision of what development should be doing in rural areas of developing countries (Marsono et al., 2018). To address this, the current view of the village can be used as a miniature grassroots level development, where development should occur at the village level in support of development at the regional and national levels. However, this requires in-depth studies and steps to be taken, as noted by Wang, L et al (2020); Hartojo et al (2022)

In the state government of Indonesia, the village holds the distinction of being the smallest unit of region. It is expected to contribute significantly to the country's economic development in a self-sufficient manner. Despite longstanding efforts to develop villages, there remain several issues that require comprehensive attention. (Qin et al, 2020), (Agusta, Y. 2023), and (Putra, B., & Salahudin, S., 2022) have identified a range of challenges that must be overcome to ensure the effective contribution of villages to the country's economic progress. When central government programs are given to villages to manage, there are often many obstacles that get in the way of their success. One of the main problems is that the central government often intervenes too much in the community, which can hinder the creativity and innovation of rural communities. This can make it difficult for them to manage and run their economy independently in rural areas (Barlagne et al 2021); (Hanapiah et al 2022).

The present economic and institutional systems in the village are not being effectively implemented. As a result, the residents are heavily reliant on government assistance, which hinders their ability to develop the rural economy independently and creatively. This has been observed by Winarwan, D. (2021); Sulaiman et al (2023). The passing of Law Number 6 in 2014, which is about Villages, has inspired the villages to take the initiative by creating the "village building" concept. This means that the village is seen as the first milestone towards the success of national development (Widodo et al., 2019). Therefore, the strengthening of villages cannot be separated from the utilization of local wisdom and the enthusiasm of its citizens. By establishing the Village Owned Enterprise (BUM), it is hoped that it will become an institution that will facilitate community economic activities that are based on the unique characteristics of each village (Widodo, 2023). This will ultimately lead to the improvement of the village community's welfare as a place of life and livelihood. It is expected that the village will play a crucial role as the foundation for the progress of the nation and state in the future, as noted by Darmawan et al (2022); Ibrahim et al (2023)

The village has been successful in regulating and managing its government affairs, which may lead to new initiatives related to village autonomy and government regulation. The village has the authority to improve its people's standard of living through Village Original Income (PADes), sourced from business results, assets, self-help and participation, cooperation, and another village's original income. From an economic standpoint, the village plays a crucial role as a source of raw materials and labor for rural, manufacturing, industrial, and fishing industries. Bielska et al (2021); Utami e al (2023) have highlighted the potential for patterns in

village development to emerge in response to this success.

The implementation of BUMDes faces several challenges, such as insufficient community participation in its management and inadequate empowerment efforts by village governments to develop BUMDes. Additionally, BUMDes operations are not running at an optimal level due to a shortage of competent human resources, hindering its ability to function effectively. Currently, only one business sector is operational, and public awareness regarding the development of other sectors is limited (Kahfi et al., 2022). To address these issues and enhance the welfare and economy of rural communities, a strategic approach is required to achieve village self-sufficiency and overcome barriers in BUMDes implementation through innovative measures and the development of BUMDes innovations (Setiawan et al., 2021; F., K., & Bowo, P., 2022).

BUMDes is a unique company that is owned by a village community, with the noble intention of improving the economy of rural communities. To achieve this goal, careful planning is required to determine what needs to be done to establish BUMDes. To ensure that the programs and initiatives developed are relevant to the needs of the local community, a well-thought-out strategy is essential (Silitonga et al., 2017). This strategy should include a mix of conscious and targeted actions aimed at achieving predetermined organizational performance (Widodo, 2020). Additionally, the strategy should outline the necessary steps to handle unforeseen developments and competitive pressure. Strategies are crucial organizational actions and approaches applied by leadership to achieve desired outcomes. Kania et al (2021); Hidayah, U., & Prima, S. (2022) define strategies as a combination of actions that are consciously and systematically directed toward achieving defined goals. To facilitate economic growth in rural areas, it is crucial to develop a strong and effective strategy for BUMDes.

Karawang City is a city located in the West Java province of Indonesia. to promote the development of village potential. In Karawang Regency, the central government has allocated a total of Rp 341 billion to 297 villages. Muarabaru Village received the highest portion of these funds, with IDR 1.97 billion, whereas Tamelang Village got the least, with Rp 823 million. A government spokesperson encouraged local citizens to help oversee how these funds are being used in all 297 villages, Agus Somantri, who leads the Community and Economic Development (PUEM) division of the Karawang Village Community Empowerment Agency (DPMD), encouraged local residents to actively monitor the fund utilization in all the villages.

The allocated budget is utilized to enhance the economic strength of the community through village financial institutions (Aziz et al., 2021). This initiative was first introduced in 2007 as the Credit Implementation Unit (UPK) and was later replaced in 2009 by Village Owned Enterprises (BUM). The revolving funds are still in operation to strengthen the village economy through BUM Desa in each village. Additionally, a budget of 1 billion is allocated for the development of rural infrastructure, productive labor-intensive activities, and increasing the prosperity of mosques. The policy was discontinued with the issuance of Minister of Home Affairs Regulation No. 37 of 2007 concerning Village Financial Management and replaced with the Village Fund Allocation (ADD). The ADD is still disbursed annually with no less than 1 billion and is supplemented by Financial Assistance (Banker) in every village in Karawang City. This indicates that the City of Karawang has made significant progress in village governance compared to other areas.

The Karawang City Government has been a strong supporter of the Village Owned Enterprises or BUM Desa, as evidenced by the issuance of Regional Regulation Number 7 of 2009 which outlines the procedures for the establishment and management of such enterprises. However, despite the initial success of BUM Desa, several obstacles have hindered its development. Out of the 25 villages and sub-districts where BUM Desa was established, only three villages remain active and are declared to be in good health. These three villages are Pasirjaya Village, located in District, Kalijati, located in Jatisari District and Sumberjay Village,

located in Tempuran District.

The initiative to develop Village-Owned Enterprises (BUM Desa) in Karawang City is rooted in recognizing their substantial economic potential for village development. This policy aims to act as a catalyst for enhancing the development of various sectors within the village, ultimately improving community welfare. The correlation between the success of BUM Desa and the enhancement of community quality of life underscores the importance of these enterprises in local development efforts (Sembiring et al., 2019).

However, the current strategy for institutional strengthening, meant to elevate the role of BUM Desa, faces significant challenges due to insufficient synergy and measurable coordination across different stages of implementation, including planning, organizing, implementing, and evaluating. To address these issues and enhance the effectiveness of BUM Desa in Karawang City, the following strategic adjustments are recommended:

- 1) **Enhanced Coordination Mechanisms:** Develop a centralized coordination body or strengthen existing ones to ensure all stakeholders are aligned and collaborative efforts are maximized. This body would oversee the entire lifecycle of BUM Desa development projects, from planning through evaluation.
- 2) **Clear and Measurable Objectives:** Set specific, measurable, achievable, relevant, and time-bound (SMART) objectives at each stage of project implementation. This approach will facilitate clearer benchmarks for success and accountability.
- 3) **Regular Monitoring and Evaluation:** Implement a robust monitoring and evaluation system to regularly assess the progress of BUM Desa initiatives against predefined goals. This system should include feedback loops to allow for ongoing adjustments and improvements based on real-time data.
- 4) **Stakeholder Engagement and Training:** a) Enhance stakeholder engagement by regularly organizing workshops, meetings, and forums that involve all relevant parties, including BUM Desa administrators, community leaders, local government officials, and private sector partners; b) Conduct training programs to improve the skills and knowledge of those directly involved in managing and operating BUM Desa, focusing on areas such as project management, financial literacy, and sustainable practices.
- 5) **Strategic Partnerships:** Forge strategic partnerships with NGOs, academic institutions, and the private sector to bring in additional expertise, resources, and innovative practices. These partnerships can also help in scaling the impact of BUM Desa by integrating them into wider economic networks.

By focusing on these strategic areas, Karawang City can significantly improve the implementation and effectiveness of its BUM Desa initiatives, leading to more sustainable economic development and enhanced community welfare.

Based on the issues identified, it is evident that the development of the Village BUM Institution in Karawang City is currently facing limitations. These limitations include challenges concerning the capacity of individual management (Human Resources), organizational accommodation at the BUM Desa level, and the environmental group's capacity.

Therefore, there is a need for new strategies through institutional development to realize BUM Desa's role in the welfare of the people of Karawang City. This institutional development strategy should focus on improving the capacity of individual management levels, providing better accommodation facilities at the BUM Desa organizational level, and enhancing the capacity of the environmental group. By implementing these measures, BUM Desa can play a more significant role in the development of the village and improve the overall welfare of the community

METHOD

This study utilizes a qualitative research approach, specifically focusing on the case study method. Hercegovac et al. (2020); Viera, C. (2023). suggest, a qualitative approach can be synonymous with a case study or "in-depth and detailed research on everything related to the research subject." Through the use of a case study, this research aims to uncover in-depth insights into a particular topic (Viera, C., 2023)

Utilizing a case study methodology, this study addresses inherent challenges in specific natural or contextual conditions, simultaneously uncovering facts pertinent to prevailing social circumstances. It concentrates on enhancing the capabilities of BUM Desa institutions, underpinned by solid theoretical guidance and a carefully designed conceptual framework. The research employs multiple data gathering techniques, including reviews of existing literature, detailed interviews, observations in the field, and Focus Group Discussions (FGD), applying triangulation to ensure comprehensive and reliable results.

RESULTS AND DISCUSSION

Institutional Development of Village Owned Enterprises (BUM) in Karawang City

Capacity building refers to an organization's ability, by relevant laws, to carry out institutional functions through various activities that align with their roles, responsibilities, main tasks, and competencies (Miquelajauregui et al., 2022). Investment in capacity building significantly boosts the skills, competencies, and overall capabilities of staff within an organization. Such enhancement is crucial for the smooth and effective performance of responsibilities, especially in times of regional autonomy. By investing in capacity building, each region can enhance the capabilities and skills of its personnel, resulting in better performance and productivity Yuan et al (2022). Capacity building is a crucial component of both local government and organizations Palm, K. (2020). It involves several steps, including the training and development of individuals' skills. In essence, any developmental process, regardless of its size or nature, necessitates efforts to enhance the capabilities of the individuals and systems involved. Apart from strengthening human resources within the government or regional organization, it is equally important to improve the performance of officials in carrying out their duties as regional and state servants, as well as regulating and deregulating local government policies.

- A) Individual Level Capacity Building: Strengthening the skills, professionalism, knowledge, competence, and ethical standards of human resources within an organization is crucial for success, particularly in the governance of BUMDes in Karawang City. Both human and material resources contribute to achieving organizational objectives, yet the presence of qualified, experienced, and knowledgeable human resources is key to effective management. Regions must enhance their workforce quality to keep pace with this trend since the caliber of human resources substantially influences an organization's competitive edge in the global market. Therefore, improving human resource quality is pivotal, requiring educational and training programs that adapt and apply competency standards for all relevant parties. On an individual level, this involves the education, skills, and expertise of local government officials. Provincial public servants should hold the competencies and qualifications necessary for their specific duties and responsibilities. Ideally, these standards should ensure that government services across the regions not only meet the basic requirements but also effectively address the needs and interests of the community.
- B) Organizational Level Capacity Building: Organizationally, this entails aligning individual capacities with an effective structural framework and ensuring the provision of necessary work facilities and infrastructure. It also involves creating detailed

management strategies and rules for BUM Desa, enhancing business networks with the village government, the private sector, and other village BUMs, overseeing and mentoring village apparatus, enhancing coordination with primary sectors, implementing a reward system, fostering a productive work culture within BUM Desa management, and nurturing visionary and character-strong leadership.

- C) Environmental Level Capacity Development: This relates to refining and regulating government work programs and policies on an environmental scale. Local governments are tasked with crafting and implementing guidelines according to the Standard Operating Procedures (SOP) and/or Minimum Service Standards (SPM) that effectively address and fulfill community needs. This approach is intended to deliver exceptional service accountability and tangible outcomes. At the environmental level, capacity building entails the creation of systems and frameworks, formulating strategies beyond the Village BUM Organization, leveraging media technology (IT), supporting policies through regional or mayoral regulations concerning BUM Desa, gaining legislative support, establishing comprehensive village databases, and integrating local insights into the planning of Village BUM Programs.

Factors That Caused Ineffective Village-Owned Enterprises (BUM) Institutional Development in Karawang City

Institutional capacity building is a key development approach that fosters equitable resource access among stakeholders. It enhances the skills of planners capable of instigating change across various levels, focusing particularly on BUM Desa in Karawang City. This initiative aims not only to boost the village economies but also to foster economic collaboration among villages. The local government's role is pivotal in offering infrastructure, expanding facilities, and ensuring coordination between BUM Desa and the private sector.

However, the approach to arranging BUM Desa facilities has not effectively addressed non-physical accessibility issues, leading to unmet expectations among external stakeholders and a stagnation in their involvement. Therefore, developing BUM Desa requires participatory approaches that integrate feedback from various interest groups into the policy-making process.

Despite obstacles during preliminary interviews, enhancing accessibility is expected to build collective community awareness and improve perceptions of BUM Desa development in Karawang City. A major challenge is the bureaucratic inefficiency, particularly in coordination. Addressing this requires establishing a robust coordination system to support effective policies and programs for BUM Desa.

Several factors have limited regional capacity for developing BUM Desa, including inadequate human resources, insufficient facilities, underutilization of technology, lack of regulatory support, and minimal guidance from relevant authorities, highlighting the need for enhanced commitment and support from all stakeholders involved.

Strategy for Development of Effective Village Owned Enterprise Institutions in Karawang City

To effectively strategize the institutional development of Village-Owned Enterprises (BUM) in Karawang City, researchers begin by analyzing both internal and external factors impacting the area. This involves conducting a SWOT analysis—a widely recognized strategic planning tool used by policymakers and project managers to assess strengths, weaknesses, opportunities, and threats. This method aids in identifying crucial elements that may either promote or obstruct the success of a project. By examining these components, decision-makers can pinpoint specific objectives for their policy or project and understand the internal and external influences that could affect these goals. This comprehensive approach enables the formulation of a robust strategy that addresses all critical factors for project success.

- a) Internal Environmental Analysis Through the internal environment analysis, we identify the strengths and weaknesses intrinsic to the institutional development of BUM in Karawang City. These elements are internal and can be managed or influenced directly by the local government.
- b) External Environmental Analysis Analyzing the external environment involves evaluating the opportunities and threats that are outside the direct control of local governments. Since these factors are external, leveraging opportunities and mitigating threats can be challenging and may necessitate a methodical and incremental strategy.

The external factor analysis of BUM in Karawang City has yielded a total score of 2.810, derived from an opportunity factor score of 1.626 and a threat factor score of 1.184. The combined use of Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) in the SWOT analysis has been instrumental in calculating the final total values of strengths, weaknesses, opportunities, and threats.

Table 1. Recapitulation of IFAS and EFAS Calculation Results

No	Description	Cumulative Score
1	External Factors	
	c) Opportunities	1.626
	d) Threats	1.184
2	Internal Factor	
	1) Strength	1.328
	2) Weakness	1.586

Source: Processed by researchers, 2021

As can be seen in table 1 the strength score is more significant than the weaknesses, while the opportunity score outweighs the threat.

- a) Opportunities – Threats = 1.626 – 1.184 = 0.442.
- b) Strengths – Weakness = 1.328 – 1.586 = -0.258.

SWOT Analysis

The aforementioned findings serve as a basis for constructing a SWOT analysis, aiming to assess the positioning of Village Owned Enterprises (BUM) in Karawang City, as delineated below:

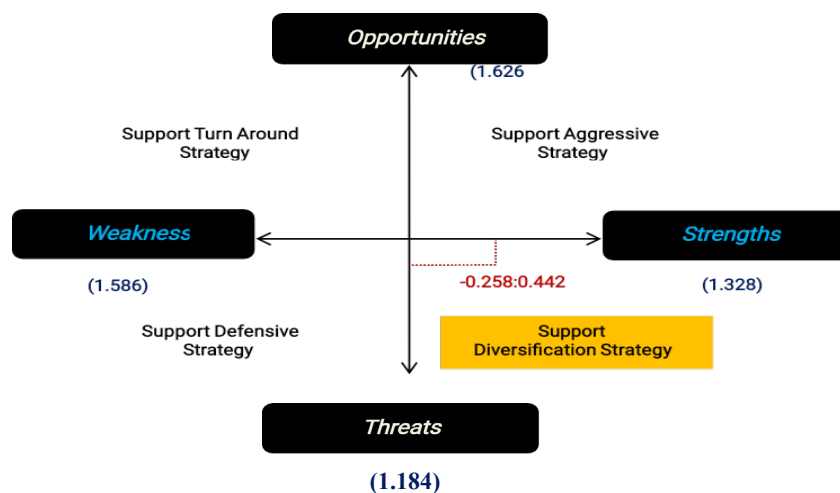


Figure 1 SWOT Analysis Diagram of Village Owned Enterprises (BUM) in Karawang City

The report presented in Figure 1 provides an analysis of the current state of Village-Owned

Enterprises (BUM) in Karawang City. According to the analysis, the BUM in Karawang City is currently situated in quadrant II, which signifies a high potential for development. However, the analysis also highlights the presence of internal weaknesses within the Karawang City Regional Government that need to be addressed to maximize this potential.

To achieve this, the report suggests adopting a Change Tactics approach and moving away from the previous strategy, which might not be suitable to capture the existing opportunities and improve organizational performance. Instead, the report recommends supporting the diversification strategy to achieve the desired outcomes.

The report further emphasizes the critical role of the local government as a public actor in developing BUM Desa in Karawang City. It calls for a more nuanced understanding of the strategic position and role of the local government to extract optimal benefits for the community in terms of economic, social, and cultural aspects. This requires a clear government policy framework and a focus on building institutional capacity to make the implementation more effective.

The report has identified several factors that have contributed to the ineffectiveness of developing the institutional capacity of BUM Desa in Karawang City. After conducting extensive evaluations, it was found that the main issues include a lack of clear strategic direction, insufficient stakeholder engagement, and inadequate resource allocation. Addressing these issues will be crucial for harnessing the full potential of BUM Desa and achieving sustainable development in the region.

Interviews, observations, and SWOT analysis have provided the regional government of Karawang City with alternative solutions to enhance the effectiveness of BUM Desa. The report emphasizes the need to strengthen institutional capacity development while identifying weak points in strategy implementation. It suggests exploring alternative strategies based on the theoretical framework of regional institutional capacity to more effectively develop BUM Desa in Karawang City.

The effectiveness of institutional capacity development is influenced by a variety of factors, with the environmental context playing a crucial role. This includes both internal support from the organization itself and external organizations. At the individual level, enhancing human resources capacity is crucial and can be achieved through professional and technical training, adequate salary provision, regulation of working conditions, and an appropriate recruitment system.

At the organizational level, the focus should be on improving the performance management system of the functions and tasks carried out by personnel. This can be accomplished through the use of precise work SOPs, clear communication directions, and well-structured work environments. To maximize capacity development at both the individual and organizational levels (internal factors) in implementing the development of BUM Desa in Karawang City, an integral aspect is needed.

Integrity involves consistency in adhering to the code of ethics and policies, understanding and desiring to conform to them, and working consistently to implement them. The dimension of integrity is a key element in the character that underpins the recognition of professional attitudes and can be a quality that underlies the emergence of trust and becomes a benchmark for other work apparatus in testing decision-making at work. Work apparatuses who demonstrate good integrity will undoubtedly exhibit maximum professional attitudes. Leaders with integrity will provide clear goals in realizing the development of BUM Desa in Karawang City in the future, which includes accuracy in designing Standard Operating Procedures (SOP) or organizational structures.

Furthermore, regarding the capacity of the environmental level (external factors), attention must be given to changes in existing systems and institutions. This involves changing policies and legal rules that hinder development tasks, budget support, and clarifying regulatory

responsibilities and powers between institutions.

Consistency is another crucial aspect that needs to be considered. According to the researchers, these factors can be instrumental in the implementation of institutional capacity strengthening. The strengthening of institutional capacity in the development of BUM Desa in Karawang City has been adapted to foster aspects of integrity and consistency as key factors influencing the implementation of BUM Desa development. A consistent attitude must be instilled and owned by all stakeholders in Karawang City, maximizing cooperation and intensive communication by the local government and village government. BUM Desa, the community, and entrepreneurs.

This research suggests a strategic alliance pattern as a practical model to steer the growth of Village-Owned Enterprises (BUM Desa). It builds on prevailing governance frameworks, leveraging insights from extensively analyzed and refined general governance models. Nevertheless, this model needs specific adjustments to align more closely with the particular requirements and circumstances surrounding the development of BUM Desa.

- 1) Modifying the management approach of BUM Desa in Karawang City to integrate strategic alliances is vital for their progression. This method facilitates improved cooperation and resource distribution, potentially increasing both the efficiency and effectiveness of these enterprises
- 2) To achieve the necessary synergy for developing BUM Desa in Karawang City, it is imperative to precisely define the responsibilities of internal and external stakeholders. Agencies such as the Department of Community Empowerment, Villages, National Unity, and Politics (DPMD) must collaborate closely with external parties, including business leaders and community figures.

This collaboration should focus on:

- a) Private Sector: Contribute by offering technical guidance, financial resources, and training for managers of BUM Desa, thereby boosting their capabilities and ensuring the enterprises' long-term viability.
 - b) Community Leaders (Camat and Village Heads): Act as mediators to align BUM Desa's operations with the community's needs and oversee their fulfillment while also helping to assess the effectiveness of these enterprises regularly.
 - c) Local Government (DPMD): Maintain oversight on adherence to regulations, provide a strategic framework, and align BUM Desa's goals with wider economic and social aims, ensuring that these enterprises contribute effectively to regional development strategies.
 - d) Such a coordinated effort will improve the use of resources, enhance openness in operations, and foster the enduring growth of BUM Desa in Karawang City.
- 3) For the optimal development of Village-Owned Enterprises (BUM Desa) in Karawang City, it is vital to define the responsibilities and roles of each involved party:
 - a) Local Government (DPMD): a. Regulatory Oversight: Guarantee compliance with all relevant local and national regulations; b. Strategic Planning: Formulate and execute comprehensive growth strategies for BUM Desa; c. Resource Allocation: Efficiently allocate funds and resources.
 - b) Private Sector/Entrepreneurs: a. Investment: Supply capital for the expansion of infrastructure and business; b. Expertise Sharing: Provide guidance and mentorship in areas such as business management, financial literacy, and technical abilities; c. Market Access: Facilitate BUM Desa's entry into wider markets and networks.
 - c) Community Leaders (Camat and Village Heads): a. Community Engagement: Act as intermediaries between the BUM Desa and the community, ensuring

that the latter's needs and feedback are considered; b. Local Coordination: Enhance cooperation between BUM Desa and other key local players; c. Monitoring and Feedback: Regularly assess the activities of BUM Desa and offer feedback aimed at improvement.

Ensuring that these responsibilities are clearly understood and embraced by each stakeholder will significantly boost the effectiveness and impact of BUM Desa in Karawang City. The study presents a strategic alliance model for fostering the development of Village-Owned Enterprises (BUM Desa), promoting its practical use. This recommended model emerges from extensive research and draws from established governance models, enhancing and refining conventional governance practices.

To further progress the development of BUM Desa in Karawang City, the following adjustments are necessary: 1) Enhanced Stakeholder Collaboration: Strengthen the cooperation between BUM Desa and all relevant stakeholders, including government agencies, private sector partners, and community leaders, to ensure cohesive and unified efforts; 2) Increased Funding and Investment: Secure additional financial resources through governmental funding, private investments, and grants. This will enable BUM Desa to expand their infrastructure, improve services, and enhance overall business capabilities; 3) Capacity Building Programs: Develop and implement comprehensive training programs for BUM Desa managers and staff. Focus on enhancing business management skills, financial literacy, and technical expertise to improve operational efficiency and service quality; 4) Technology Integration: Adopt modern technologies to streamline operations, improve communication, and expand market reach. This could include digital marketing tools, e-commerce platforms, and management information systems; 5) Policy and Regulatory Reform: Review and revise existing policies and regulations to remove barriers that hinder the growth of BUM Desa. Simplify procedures, clarify regulations, and provide incentives for growth and innovation; 6) Community Involvement and Feedback Mechanisms: Enhance mechanisms for community engagement and feedback to ensure that the services provided by BUM Desa align with community needs and expectations. Regular community consultations and feedback sessions can help in making these enterprises more responsive and accountable; and 7) Sustainability Practices: Encourage the adoption of sustainable practices in business operations to ensure long-term viability. This includes promoting environmental sustainability, social responsibility, and economic efficiency.

By implementing these adjustments, the development of BUM Desa in Karawang City can be significantly enhanced, leading to greater economic growth, improved community services, and increased stakeholder satisfaction. By addressing these areas, Karawang City can more effectively harness the potential of BUM Desa, leading to sustainable community development and economic growth. The recommended strategic alliance model for the development of Village-Owned Enterprises (BUM Desa) in Karawang City is a carefully studied and refined empirical model that improves upon traditional governance structures. To ensure the efficient and effective development of BUM Desa, the model requires specific adjustments tailored to local conditions and needs.

An Integrated Team for the Development of BUM Desa Karawang City will be established, led by the Regional Secretary. This team will include key Regional Apparatus Work Units (SKPD), such as the Community Empowerment, Village, National, and Political Unity (DPMD) Office, and the Office of Cooperatives, Small, Medium Enterprises, and Trade, as well as both external and internal stakeholders. The team's responsibilities will focus on: 1) Synergy and Synchronization of Program Activities: Ensure that all programs are aligned and mutually supportive to avoid duplication and maximize resource use; 2) Unification of Vision and Perception: Create a shared understanding and commitment to the strategic goals among all stakeholders to streamline efforts towards common objectives; and 3) Facilitating Sectoral Issues: Address and resolve any sector-specific challenges that may impede the progress of

BUM Desa development.

The integrated team should possess full authority to engage with community leaders and private entities, planning and executing their duties to foster comprehensive development of BUM Desa. By facilitating collaboration across all relevant stakeholders and harnessing their collective capabilities and insights, the team can significantly enhance the supervision, impact, and overall success of BUM Desa initiatives. This collaborative approach will not only address immediate developmental needs but also lay a stronger foundation for the long-term sustainability and expansion of BUM Desa's role in community development.

CONCLUSION

The analysis of the institutional capacity of Village-Owned Enterprises (BUM Desa) in Karawang City has highlighted several areas for potential improvement to enhance effectiveness and efficiency. These challenges include limited human resources, budget constraints, inadequate infrastructure, ineffective inter-sectoral coordination, and the need for better Standard Operating Procedures (SOP) and work structures. Additionally, there's a critical need to improve the disposition or attitude of implementers regarding their understanding, capability, commitment, and leadership quality.

To address these challenges, a multifaceted strategy focusing on diversification and capacity building is essential. Here's how this can be structured: 1) Human Resources Development: Individual Level: Implement comprehensive training programs for BUM Desa administrators and staff to enhance their skills, knowledge, and capabilities. This would involve regular workshops, seminars, and possibly partnerships with educational institutions or specialized training organizations; 2) Organizational Improvement: Policy and Planning: Revise and improve policy frameworks to support more strategic and effective development of BUM Desa. This could involve the creation of new guidelines that better reflect the realities and needs of BUM Desa. Streamlining Structures: Redefine work structures and SOPs to ensure clearer roles, responsibilities, and processes. This restructuring should aim to eliminate redundancies and streamline operations for better efficiency; 3) Environmental and Policy Support: Technical Regulations: Secure more robust policy support and technical regulations from the Karawang City Regional Government. This support would help in aligning BUM Desa operations with broader economic and environmental goals, providing a more stable framework for operation; 4) Institutional Collaboration: Integrated Team: Establish a representative institution through an Integrated Team that acts as a forum for regional institutional development. This team should unify all stakeholders involved in BUM Desa development, including government departments, private sector partners, and community leaders, facilitating better coordination and cooperation through a strategic alliance approach.

By implementing these strategies, BUM Desa in Karawang City can evolve into a more robust and effective institution. This approach not only addresses immediate operational challenges but also sets a foundation for sustainable development, ensuring that BUM Desa can contribute significantly to the local economy and community well-being.

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