

# JOURNAL OF ECONOMIC, BUSINESS AND ADMINISTRATION (JEBA)

Vol. 5 No. 4 (2024) | E ISSN: 2746 1688 | ISSN: 2985 6744

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## THE ROLE OF BOLUGO VILLAGE OWNED BUSINESS ENTITY (BUM DESA) BOLUGO IN TOURISM DEVELOPMENT IN EAST BOROKO VILLAGE, K AidIPANG DISTRICT NORTH MONGONDOW BOLAANG

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### Abstract

This research aims to: 1) Evaluate the role of Bolugo Village-Owned Enterprises (BUMDes) in developing village tourism in East Boroko Village, Kaidipang District, North Bolaang Mongondow Regency; 2) Identify the determinant factors influencing the performance of BUMDes in this sector. This study employs a qualitative approach with an intrinsic case study design. Data were collected through field observations, documentation, and structured interviews with key informants, including BUMDes managers and village officials. The results indicate that the role of BUMDes Bolugo in tourism development is currently suboptimal. This ineffectiveness is driven by a lack of community empowerment, the absence of strategic partnerships with higher education institutions, and the continued reliance on traditional, non-digital promotional methods. Furthermore, the study identifies facility development, inconsistent local government support, and the lack of benchmarking (orientation studies) as the primary determinant factors hindering tourism acceleration. The findings suggest that a shift toward participatory governance and digital integration is required to revitalize the village's coastal tourism potential.

Keywords: *BUMDes, Tourism Development, Community Empowerment, Rural Entrepreneurship, North Bolaang Mongondow.*

Submit: 12/09/2022

Accepted: 25/11/2024

Publish: 15/12/2024

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### 1. Introduction

The village serves as the fundamental core of national development, functioning as the primary landscape where the dynamics of local economic systems are forged. By empowering local potential and transforming it into strategic sectoral commodities, villages can realize a robust economic framework that directly ensures community welfare. This bottom-up approach is considered a mechanical necessity for sustainable growth, as the majority of the population resides in rural areas, making the village the frontline for poverty alleviation and resource management. In the Indonesian context, this vision was formally integrated into the 2014-2019 "Nawa Cita" development agenda, specifically under the third mandate: "Building Indonesia from the periphery by strengthening regions and villages." This policy shift reflects a transition toward decentralized economic power, placing the village as the subject rather than merely the object of development. This mandate is further operationalized through Law Number 6 of 2014 concerning Villages, which prioritizes the fulfillment of basic needs and the continuous empowerment of natural resources within a framework of social justice [1].

To optimize these rural advantages, the Indonesian government initiated the establishment of Village-Owned Enterprises, professionally known as Badan Usaha Milik Desa (BUMDes). As business entities whose capital is largely owned by the village through direct participation, BUMDes function as vital catalysts for managing village assets. In the broader Southeast Asian region, BUMDes and similar rural cooperatives have become pivotal in promoting rural entrepreneurship, bridging the gap between subsistence farming and modern market integration [2]. BUMDes operate with a distinct dual function that balances social and commercial

interests. As social institutions, they prioritize the welfare of the community by providing essential social services and public goods. Conversely, as commercial institutions, they aim to generate sustainable profits by offering local goods and services to the market. This unique hybrid model ensures that village economic activities remain aligned with the community's collective interests rather than being driven solely by private gain [3].

Specifically, BUMDes are categorized into two functional groups: monetary companies and social-industrial groups. The monetary wing focuses on fulfilling the financial needs of micro-scale enterprises through credit access and loans that are easily accessible to village residents. Meanwhile, the social-industrial groups are engaged in networking and providing social offerings, while simultaneously seeking to generate income through the delivery of nearby assets to the competitive market [4]. Among the various sectors available for development, the tourism sector offers one of the most promising avenues for BUMDes management. Tourism development through village-owned entities can provide multifaceted benefits, including a significant increase in Village Original Income (PADes). Beyond financial gain, it fosters the opening of new job opportunities for the youth, strengthens social cohesion through mutual cooperation, and encourages the preservation of local environmental and cultural landscapes [5].

Successful tourism development through BUMDes requires a synchronized effort across several key aspects. It necessitates the continuous empowerment of rural groups to strengthen their competitiveness and the formation of strategic partnerships with higher education institutions to provide research-backed innovation. Furthermore, professional advertising and promotion through modern digital media are essential to ensure that the tourist village gains visibility in an increasingly saturated market [6]. In the pursuit of tourism excellence, several methodological approaches can be adopted, ranging from boosterism to sustainable methods. While some methods focus purely on financial gains, modern tourism planning emphasizes the "Network Method," which ensures maximum community involvement in every stage of development. This approach considers the social and environmental future of the village, ensuring that tourism activities do not deplete the resources that the community relies upon for their livelihood [7].

Moreover, the quality of a tourism destination is measured by its "Four A's": Attractions, Accessibility, Amenities, and Ancillary services. A destination must possess interesting herbal or cultural splendor, ease of transportation, adequate lodging facilities such as homestays, and professional hospitality agencies. When these components are met, BUMDes can transform a simple village into a destination capable of attracting both domestic and international visitors [8]. However, a significant gap remains in the literature and practice, particularly regarding BUMDes in peripheral or underdeveloped regions. While many studies focus on BUMDes in well-established tourism hubs in Java or Bali, research on peripheral areas like North Bolaang Mongondow Regency is still limited. These remote areas often face structural barriers that differ significantly from more developed regions, necessitating a localized analysis of their specific management challenges [9].

In North Bolaang Mongondow Regency, North Sulawesi, the potential for village development is vast, yet remains largely untapped. Despite having 106 villages and a productive age population reaching 65.82%, the region still grapples with unemployment issues. Data from 2021 indicates that approximately 3.5% of the population is still actively seeking work, highlighting an urgent need for BUMDes to act as a primary engine for job creation and local economic stimulus [10]. Specifically, East Boroko Village possesses strategic coastal and marine tourism assets that could theoretically serve as a high-value commodity. The geographical location is highly supportive of marine-based leisure activities, yet the performance of BUMDes Bolugo as the local manager has not met expectations. The enterprise has struggled to translate these natural advantages into sustainable economic outcomes, reflecting a broader pattern of "resource curse" where potential does not equal prosperity.

Field observations reveal several critical bottlenecks hindering the progress of BUMDes Bolugo. First, community empowerment is severely lacking; the enterprise is currently managed by only three individuals, leaving the wider community as spectators rather than active participants. This lack of inclusivity prevents the emergence of creative ideas and collective ownership, which are the hallmarks of successful community-based tourism (CBT) models. Furthermore, there is a visible absence of institutional collaboration and technical innovation. The total lack of partnerships with universities prevents the implementation of evidence-based planning, leaving the village without the technical support needed for professional tourism management. Additionally, the lack of promotional activities means the village's coastal potential remains invisible to the market, further stagnating the interest of potential tourists and investors [11].

Building on the gap between the theoretical potential of BUMDes and the empirical reality of management stagnation in peripheral regions, this research is critical. It seeks to analyze the role of BUMDes Bolugo and identify the determinant factors such as facility development, local government support, and benchmarking that are necessary to revitalize the tourism sector. This study is titled "The Role of Bolugo Village

Owned Enterprises (BUM Desa) in Tourism Development in East Boroko Village in Kaidipang District, North Bolaang Mongondow Regency."

## **2. Method and Analysis**

This research employs a qualitative approach to explore and explain prevailing phenomena regarding the management of Village-Owned Enterprises. Specifically, an intrinsic case study design is utilized, allowing for an in-depth investigation into the unique internal dynamics of BUMDes Bolugo. This method is selected because the case possesses inherent interest and requires a detailed understanding of its specific context, challenges, and operational framework [12].

### **Data Sources and Collection**

The researchers gathered data through two primary channels: primary and secondary sources.

- a. Primary Data: Obtained directly from the field through structured interviews with key informants, including BUMDes managers and village officials, as well as field observations of the tourism sites in East Boroko Village.
- b. Secondary Data: Derived from official documentation, including regional statistics from BPS, village reports, and relevant legal frameworks such as Law No. 6 of 2014.

### **Data Analysis Technique**

The analytical framework used in this study is descriptive qualitative evaluation. Following the interactive model proposed by Miles and Huberman (as cited in [13]), the analysis was conducted through three concurrent stages:

- a. Data Reduction: Sorting, focusing, and simplifying the raw data obtained from field notes and interview transcripts to identify core themes related to tourism development.
- b. Data Display: Organizing the reduced data into narrative forms, matrices, or charts to facilitate the drawing of systematic conclusions.
- c. Conclusion Drawing/Verification: Developing initial findings into grounded conclusions that explain the role and determinant factors of BUMDes in the local tourism sector.

### **Data Validity and Trustworthiness**

To ensure the credibility and rigor of the findings, this study utilized triangulation techniques. Specifically, the researchers focused on source triangulation (also referred to as supply or asset triangulation). This involves cross-checking information obtained from different informants (e.g., comparing statements from BUMDes managers with observations and community perspectives) and verifying them against available document archives. This multifaceted verification process ensures that the resulting records are credible, objective, and free from researcher bias [13].

## **3. Result and Discussion**

### **The Role of BUMDes Bolugo in Tourism Development**

Based on the field data collected through interviews and observations, the role of BUMDes Bolugo in developing tourism in East Boroko Village is categorized into three main indicators:

#### **a. Community Empowerment**

The data shows that community empowerment by BUMDes Bolugo in tourism development is currently not running effectively. Interview results indicate that there has been no formal involvement of the community in the planning or implementation phases of tourism development. Specifically, BUMDes management has not organized meetings or forums to discuss the utilization of coastal potential with village residents. Observations also reveal that strategic local stakeholders, including youth organizations (Karang Taruna) and local NGOs, are not integrated into the BUMDes operational structure for tourism management.

#### **b. Partnership with Universities**

Research findings confirm that BUMDes Bolugo has not established any formal cooperation or partnership with higher education institutions. There is an absence of collaborative programs such as training, workshops, or academic mentoring aimed at increasing management capacity. Interviews with management disclose that the lack of this partnership has resulted in tourism management being carried out without scientific guidance or systematic evaluation.

#### **c. Tourism Promotion**

Field evidence indicates that tourism promotion for East Boroko Village is not carried out optimally. The number of visitor arrivals remains low and has shown no significant increase over the observation period. Interviews suggest that the primary cause is the lack of public awareness regarding the site's potential. Furthermore, promotion is still conducted traditionally; there are no brochures, official websites, or professionally managed social media accounts (Facebook, Instagram, or WhatsApp) dedicated to advertising the coastal attractions managed by BUMDes.

The research findings indicate that BUMDes Bolugo has not optimally performed its role as a driver for tourism development in East Boroko Village. This ineffectiveness is evidenced by the lack of community empowerment, where residents and local organizations are excluded from the planning process, and the absence of strategic partnerships with universities, leaving the management without technical or scientific guidance. Furthermore, the reliance on traditional promotion methods without a digital presence has resulted in stagnant visitor numbers and low public awareness. These empirical results suggest a significant performance gap between the potential of the village's coastal assets and the actual institutional capacity of the BUMDes to manage them.

Community participation and empowerment are fundamental prerequisites for the success of any rural enterprise, especially in the tourism sector. The failure of BUMDes Bolugo to involve youth organizations (Karang Taruna) and local residents reflects a weak governance structure that hinders long-term viability. According to Aritenang, social capital and community involvement are primary drivers of resilience and economic performance in Indonesian rural enterprises [14]. Without a collaborative participative model, BUMDes often struggle to maintain sustainable operations, as community support is essential for both the social and commercial legitimacy of the institution [15].

The absence of university partnerships in Bolugo further exacerbates the management's inability to innovate. In the context of rural development, the collaboration between academia, government, and business often referred to as the Triple Helix model is critical for fostering innovation and competitive advantage. Academic involvement typically provides BUMDes with access to research-based solutions, managerial training, and systematic evaluation tools. Successful BUMDes models in other Indonesian regions have demonstrated that university partnerships significantly enhance rural tourism competitiveness by bridging the knowledge gap in remote areas [16].

In the modern era, traditional promotion methods are no longer sufficient to sustain tourism growth, particularly for peripheral destinations. The findings at BUMDes Bolugo, which show a lack of social media and digital branding, align with global challenges faced by rural enterprises in underdeveloped regions. Digitalization is recognized as a transformative tool that can reduce disparities between urban and peripheral tourism markets. Research by Rini highlights that digital-based tourism development is effective in improving community welfare and expanding market reach beyond local boundaries, a strategy currently missing in East Boroko's management framework [17].

The performance gap observed in Bolugo, compared to successful BUMDes in regions such as West Java or Bali, is largely due to fragmented stakeholder participation and weak institutional synergy. While more developed areas utilize multi-stakeholder collaboration and digital innovation to thrive, peripheral regions like North Bolaang Mongondow often suffer from isolated management practices [9]. Addressing these failures through the adoption of participatory governance and the integration of digital marketing is essential for BUMDes Bolugo to transform its coastal potential into a sustainable economic asset.

#### **Determinant Factors of Tourism Development**

The following data identifies the factors that directly influence the role of BUMDes Bolugo in accelerating the village tourism sector:

a. Facility Development

Field observations show that the existing facilities at the coastal tourism sites in East Boroko Village are inadequate. Key infrastructure, such as proper lodging, sanitation, and supporting amenities for tourists, is missing. Interview data from BUMDes managers highlights a significant budget deficit as the primary obstacle to constructing these facilities. Currently, the only available accommodation in the area consists of local boarding houses (kos-kosan), which are not specifically designed for tourism purposes.

b. Local Government Support

The data indicates that while the local government has provided some budgetary support, its impact on tourism development is not yet maximal. Results from interviews reveal that the budget allocated has not been sufficient to complete high-quality facility construction. Additionally, observations show that the existing assets funded by the government are not properly maintained by BUMDes officers, leading to a decline in the quality of the provided infrastructure.

c. Benchmarking

The results of the study show that BUMDes Bolugo management has never conducted benchmarking or orientation studies to other successful BUMDes. Interviewees admitted that there has been no exchange of information or comparative visits to learn management strategies from more advanced tourist villages. This absence of benchmarking has left the management without new ideas or innovative programs to develop the superior potential of East Boroko Village.

The research results identify three critical barriers that hinder the acceleration of the tourism sector by BUMDes Bolugo: inadequate facility development, suboptimal local government support, and the absence of

benchmarking activities. Field data reveals that essential infrastructure, such as standard lodging and sanitation, is largely missing, forcing tourists to rely on non-specialized local boarding houses. This physical limitation is exacerbated by a significant budget deficit and the ineffective management of existing government-funded assets. Furthermore, the lack of comparative learning or benchmarking has trapped BUMDes management in a state of stagnation, preventing the adoption of innovative strategies that have proven successful in other village-owned enterprises.

The quality of infrastructure, including basic amenities and accessibility, is a primary determinant of tourist satisfaction and destination competitiveness. In East Boroko, the lack of proper sanitation and specialized lodging directly diminishes the village's appeal as a coastal destination. Literature suggests that unmet expectations regarding comfort and cleanliness often lead to profound visitor dissatisfaction. For instance, studies in similar rural tourism contexts highlight that infrastructure serves as a foundational attribute; when basic facilities are underperforming, it severely limits the destination's ability to attract and retain tourists [18].

The inefficiency of government budget utilization in East Boroko underscores a broader challenge in rural development where funding does not always translate into quality infrastructure. While the local government has provided some financial support, the results show that it has been insufficient for high-quality construction and is further weakened by poor maintenance. Effective tourism development requires not just the allocation of funds, but also a strategic alignment of budgets with measurable outcomes and performance-based oversight. Without proper maintenance protocols by BUMDes officers, existing assets rapidly decline, rendering the initial government investment ineffective for long-term economic growth [19].

Moreover, the absence of benchmarking by BUMDes Bolugo management represents a missed opportunity for "knowledge transfer," which is essential for rural innovation. Benchmarking allows small-scale rural enterprises to learn from successful models, thereby enhancing their capacity to adapt to market demands and implement creative solutions. Knowledge sharing through orientation studies has been proven to bridge the skill gap in rural communities, enabling managers to adopt innovative practices and professional management standards. In the absence of such experiential learning, BUMDes Bolugo remains disconnected from the evolving trends of the tourism industry [20].

To overcome these budgetary and managerial constraints, a shift toward collaborative governance and strategic investment is necessary. Addressing the infrastructure gap requires prioritizing basic facilities like sanitation and transportation, potentially through alternative funding mechanisms or community-based models to reduce total reliance on government budgets. Furthermore, establishing partnerships for capacity building can facilitate the necessary knowledge transfer to improve the managerial competence of BUMDes officers. By integrating participatory planning and regular benchmarking, peripheral areas like East Boroko can begin to professionalize their tourism management and enhance overall visitor satisfaction [21].

#### 4. Conclusion

Based on the qualitative analysis and discussion of the role of BUMDes Bolugo in tourism development, the following primary conclusions are drawn:

- a. **Suboptimal Role of BUMDes:** BUMDes Bolugo has not effectively functioned as a catalyst for local tourism development. The management fails to integrate local stakeholders such as youth organizations and NGOs into the planning process, resulting in a lack of social and commercial legitimacy.
- b. **Institutional Isolation:** There is a critical absence of academic collaboration and modern marketing strategies. The lack of "Triple Helix" synergy (partnerships with universities) prevents the implementation of evidence-based innovation, while traditional promotion fails to attract visitors in an increasingly digital market.
- c. **Inadequate Infrastructure and Support:** Facility development remains the primary physical barrier, with current tourism assets suffering from budget deficits and poor maintenance. While local government support exists, it has not yet achieved maximal impact due to a lack of professional oversight and insufficient funding for high-quality tourism infrastructure.
- d. **Lack of Innovation through Benchmarking:** The absence of orientation studies or benchmarking has caused managerial stagnation. Without comparative learning from successful village-owned enterprises, BUMDes Bolugo lacks the necessary knowledge transfer to implement "best practices" and innovative programs for its coastal assets.

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