

Empowering Rural Economy through Village-Owned Enterprises: A Case Study in Central Bengkulu, Indonesia

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Abstract:

The village-owned enterprises (BUMDes, or *Badan Usaha Milik Desa*) in Indonesia is expected to contribute in developing economy of rural areas through raising the village's income and empowering the community. This study was conducted in Sidorejo Village, Central Bengkulu Regency, Indonesia, using qualitative approach. The aims are to analyze the role of BUMDes in developing rural economy and to identify obstacles faced by the BUMDes in running its business activities. Data was collected by using observation, interview, and documentation methods. The selection of informants was carried out by using purposive sampling technique; involving people in charge the BUMDes business (manager, secretary, and treasure), the head of village, the secretary of village, and the head of village representative body as a community leader. This study concludes that the BUMDes has neither been able to generate village revenue nor empower the economy of local community. Among the obstacles faced by the BUMDes in developing its business are the existence of business competitors and incompetence as well as less seriousness of the BUMDes administrators in managing business.