



## Strategy to Increase the Effectiveness of Capacity Building Programs for Village-Owned Enterprises

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**ABSTRACT:** Various facts indicate that the capacity building program for Village Owned Enterprises (BUM Desa) is not yet optimal. The existence of BUM Desa which is spread in almost all villages in Indonesia, it turns out that only about 10% are active. Even though the Indonesian Government really hopes that the existence of Bum Desa will be able to accelerate the economic recovery of village communities after the Covid-19 pandemic. Therefore this study aims to find alternative strategies for more effective capacity building programs. The research method used is qualitative. This study took samples from three villages in East Java. Data collection through in-depth interviews, observation, FGD and documentation. The results of the study show that the three BUM Desa have not implemented modern and professional management. This indicates that the capacity building program that has been implemented has not been running effectively, so it is necessary to look for alternative strategies that can increase the effectiveness of the capacity building program. The results of the study identified village local wisdom values that could be synergized in the management of BUM Desa and received support from all stakeholders, especially the community. Finally, this research recommends that the implementation of capacity building programs for village governments be synergized with local wisdom values.

**Keywords:** Capacity Building, Village Owned Enterprises, Local Wisdom, Modern Management, Economic Recovery



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## INTRODUCTION

The Indonesian government has been implementing a Village Fund programme since 2015 with the aim of intensifying the expansion of the rural economy ([Laonet et al., 2013a](#); [Lobo et al., 2018](#)). According to the Village Government Work Plan, the Village Funds are primarily used to support community development and empowerment, which enhances the welfare of village communities, human welfare, and poverty alleviation. The Village Funds are being allocated and absorbed at an increasing rate each year. In all of Indonesia, 74,954 villages have received the funding.

Table 1. Distribution and Utilization of Village Funds (in Trillions of rupiah)

Year	Distribution	Utilization
2015	20,67	17,1
2016	46,98	45,89
2017	60	59,12
2018	60	58,8
2019	70	69,9
2020	71	70,96
2021	72	71,8
2022	68	No data yet

Source : [www.kemendes.go.id/](http://www.kemendes.go.id/), 2022

However, the management of the abundant village funds has the potential for corrupt practices. The potential for irregularities in village funds is indeed very high, where the facts show that there are many cases of irregularities in village funds by village heads or village officials. In the implementation of village funds from 2015 to 2022 several problems were found, namely the lack of capacity of village apparatus and assistant staff, village fund supervisors had not been well coordinated and village heads were still found to be involved in legal issues, especially village fund corruption ([Savitri & Diyanto, 2019](#); [Triyowati & Masnita, 2019](#); [Yusuf et al., 2019](#)).

The village chief himself plays two roles, which leaves him open to abusing his position of power. Village funds operate on the basis of community planning, implementation, and oversight ([Sonbay et al., 2022](#)). The village head serves as the traditional leader, tribal leader, and community leader in addition to these roles, but because he is also a member of the community, the common people are psychologically scared to take part in monitoring the use of village finances. The several village heads who were unable to manage the monies distributed by the government in accordance with their designation due to ignorance or incapacity to do so ultimately found themselves in legal hot water also demonstrated the imprudent use of community finances ([Putra et al., 2022](#); [Sugiharti et al., 2021](#)).

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According to Law Number 6 of 2014 concerning Villages, the state's commitment to safeguarding and enabling villages so they can grow into powerful, developed, independent, and democratic communities is reflected in the provision of village funds. Use of the 30% village fund allocation for operations related to village administration, village advisory board operations, and village fund

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allocation organising team operations. The remaining 70% is utilised for village economic empowerment, which includes creating infrastructure and economic facilities for the village, empowering people in the areas of health and education, and empowering the village economically, particularly to reduce poverty. It also includes providing financial support to leaders of the village's institutions, Village Owned Enterprises (BUM Desa), which organises businesses based on the village's economic potential.

The existence of BUM Desa is indeed seen as very strategic as a new force in accelerating the village economy ([Siskawati et al., 2022](#)). Moreover, BUM Desa already has a valid legal basis as a business entity. There are many things that a BUM Desa can do as a legal business entity. Legality constraints that have limited the space for Village-owned Enterprises to move have been resolved. Thus, there are more opportunities for cooperation that can be carried out by BUM Desa with other business entities, including access to financial service institutions. As a legal entity, BUM Desa management must be managed professionally, especially for the use of village funds, which must be transparent and accountable. This is important so that there are no irregularities in the use of village funds .

But as of right now, BUM Desa's management still has a number of flaws, such as unclear objectives and a dearth of personnel who are highly committed to running the company, particularly in the early going ([Astuti & Suaedi, 2018](#)). Furthermore, Ridwansyah et al.'s research findings from 2021 highlighted three issues that frequently come up in relation to BUMDes management: 1) the community's lack of involvement in managing BUMDes; 2) the government does a poor job of empowering communities to develop BUMDes; and 3) BUMDes management and management is not walk-in. However, studies conducted in 2022 by A. Sofianti and T. Risandewi found that BUMDesa's operation was subpar, in part because the business sector it oversaw was not based on village superior potential, as well as a lack of business development concepts, weak human resources and capital capacity, and a lack of cooperation ([Sofianti & Risandewi, 2022](#)).

From these various weaknesses, the impact can be seen in the many BUMDes that are unable to operate after being established because they do not have a clear business plan and limited qualified human resources. In 2019 before the Covid-19 pandemic there were 2,188 BUM Desa that were not operating. Even though there have been many training programs for BUM Desa managers, this has not been effective enough to make BUM Desa management run as expected. The Audit Board said that many BUM Desa were not operating, did not submit reports, their establishment was not supported by a feasibility study, and were not yet orderly in terms of administration and reporting. Additionally, it was discovered that company sectors were not aligned with the village's prioritised potential, that village BUMDes were not overseen by qualified individuals, and that village revenue contributions remained eligible. The findings of Permasih, Suryadi, and Heru's research from 2022 also demonstrate that BUM Desa in Banjar City's institutional capacity development at the individual and organisational levels is still subpar because of budgetary constraints, human resource issues, and a lack of facilities and infrastructure. Additionally, there has been ineffective coordination between sectors, ineffective implementation of SOPs and work structures, and subpar comprehension, capability, commitment, and leadership quality of

BUMDES.

The government has not yet finished developing BUM Desa, but the Covid-19 pandemic has made it worse, especially in BUMDes where there are businesses in the tourism industry. Only 10,629 of the 37,286 BUM Desa that were operational in 2019 remained operational during the Covid-19 pandemic (March 2020–May 2021). To develop BUM Desa in a sustainable way, a more effective institutional capacity building strategy is therefore required. The strengthening and optimisation of BUM Desa are significantly influenced by an increase in management capacity and the growth of village networks ([Srirejeki, 2020](#)).

The idea of community empowerment includes the idea of capacity building. The ability of people and institutions to make and carry out decisions and carry out tasks effectively, efficiently, and sustainably is referred to as capacity building ([Evans et al., 2014](#)). The four main strategies of leadership development, organisational development, community organising, and promoting organisational collaboration make up the core of community development initiatives ([Chaskin et al., 2010](#)). Resources and management are two components of institutional capacity.

According to ([Harsh, 2010](#)), capacity building is viewed as a change process to "align new or refined beliefs and practises with desired growth targets" within the organisation. Building organisational capacity requires deliberate change to be effective. Many businesses make mistakes when they train staff in new skills without monitoring how those skills are applied ([Moenir, 2008](#)). While this is going on, other organisations only focus on training, ignoring problems with infrastructure or out-of-date computer systems that prevent staff from using cutting-edge techniques or new skills ([Mongilong & Singkoh, 2018](#)). Long-term, tiered approaches, coaching, and feedback are among the best practises for building capacity ([Mongilong & Singkoh, 2018](#)).

Many researchers have made an effort to pinpoint issues that must be resolved for capacity building to be successful. The four stages of capacity building, according to ([Maransa, 2018](#)), are exploration, initial implementation, full implementation, and sustainability. The key players identify the need for change, the desired capacity, and the knowledge, skills, structures, and processes to achieve the desired capacity during the exploration stage. In order to build capacity, ARCC creates a multifaceted strategy ([Paul & Thampi, 2021](#)). This strategy takes into account four main aspects of capacity building: 1) Capacity type, 2) Capacity level, 3) Capacity building stage, and 4) Capacity building output. In their research, (Sulismadi & Muslimin, 2017) stated that it is important to foresee the factors that affect capacity building, such as five main things: shared commitment, leadership, regulatory reform, institutional reform, and recognition of strengths and weaknesses. While ([Laonet et al., 2013b](#)) state that altering knowledge, attitudes, and practical skills is the most crucial capacity building strategy to achieve efficiency and effectiveness. The various capacity-building techniques used in different nations are the same ones used in Indonesia. However, contextual factors like leadership, motivation, and commitment seem to distinguish the results from one another ([Astuti & Suaedi, 2018](#)). The clarity of the business focus being developed and support from the social environment of the community cannot be separated from the success of BUM Desa in presenting innovation at the local village level ([Astuti & Suaedi, 2018](#)).

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With the contradictory results of earlier studies, alternative, context-appropriate strategies for boosting institutional capacity are still required. In line with that claim, the objective of this study is to identify alternative approaches that can improve the efficacy of the capacity building programme for village-owned businesses. The urgency of this research stems from the need to find solutions to the low effectiveness of the BUM Desa capacity strengthening programme in managing and growing their business sustainably, particularly in dealing with crisis situations brought on by the covid-19 pandemic, in order to effectively promote village independence and lower poverty rates nationally.

## METHOD

To identify alternative capacity building strategies that are more effective and to investigate local wisdom values that can support the capacity building programme of BUM Desa, the qualitative method used in this study is deemed appropriate for the research objectives (Kunaifi et al., 2021; Wayan Wesna Astara, 2019; Yuille et al., 2021). The population of this study consists of up to 267 BUMDes from East Java whose businesses are involved in the travel and tourism industry. The Village-owned Enterprises were the main focus of the research sample because they are still operating, albeit not at their best due to the effects of the Covid-19 pandemic. The characteristics of areas that are thought to have local wisdom values and can be combined to form sample villages are the second factor to be taken into account.

**Table 2. Villages as Research Samples**

Regency/District/Village	BUM Desa Name	Name of Tourism Business	Impact of the Covid-19 pandemic on the Tourism Business
Gresik Regency/ Ujung Pangkah District/ Village	Wirausaha BUM Desa	Gosari nature tourism	Revenue has decreased by 70%
Mojokerto Regency/ Gondang District/ Kebon Tunggul Village	Gajah Mada BUM Desa	Mbencirang Valley Tourism	Revenue has decreased by 60%
Malang Regency/ Dau District/ Village	Dewarejo BUM Desa	Orange Picking Tourism	Revenue has decreased by 50%

Source: primary data (interview, 2022)

Data was gathered through observation, interviews, and focus group discussions. In order to gather information about the village that houses the target BUMDes, observations were made. Data from interviews and focus group discussions (FGDs) was collected to strengthen observation results. Representatives of village communities who were not administrators of village

institutions, administrators of village institutions, BUMDes managers, village heads, camats, representatives of the district community empowerment service, and representatives of the East Java Community Empowerment Office were the informants involved in the interview and FGD processes. This study also makes use of secondary data that was gathered from online media in addition to primary data. The last step is to interactively analyse data to create a theoretical model for boosting the capability of village officials based on local wisdom values. The results of the qualitative analysis provide an overview of the dimensions of the local wisdom model and BUMDes management, village government to district government. Furthermore, verification and validation of the model is carried out.

Since the BUM Desa was established, a number of issues have arisen based on the relevant Village Regulations. BUM Desa can be successful, but there are also lots of less successful ones. Even though there have been numerous programmes to build institutional capacity, the outcomes are still inconsistent. Its capacity to adapt to unfavourable environmental conditions brought on by the pandemic is a sign of the success in managing BUM Desa, particularly in East Java. Therefore, it is necessary to give special consideration to and promote the development of BUM Desa management that adheres to contemporary management principles. However, the application of modern and professional management unquestionably calls for the support of the social environment and the availability of resources, which are prerequisites for an innovation's success. Assuming BUM Desa and If the business being developed is based on local potential and characteristics, it will be simpler to develop and become sustainable. On the other hand, if the business being developed is something new for the village, it will undoubtedly be more difficult to accept and run. The values of local wisdom in each village, expressed as knowledge, skills, and superior potential, must then be understood ([Hutagalung & Indrajat, 2020](#); [Rizal et al., 2022](#)).

## RESULT AND DISCUSSION

### Identification of village local wisdom values

Local wisdom, as defined by Sibarani (2012), is the original knowledge or wisdom of a society that derives from the high moral standards of cultural traditions to govern the order of people's lives. Local cultural values that can be used to wisely or prudently control how people live their lives are also a definition of local wisdom. Long-standing patterns of behaviour in people's lives are typically indicators of local wisdom. The values held by particular groups of people will reveal the viability of local knowledge. According to certain groups of people, who typically become an integral part of life through their attitudes and behaviour on a daily basis, these values serve as their compass.

In the early stages of this research was to identify the values and forms of local wisdom in three villages in East Java, namely Gosari village in Gresik district, Kebon Tunggal village in Mojokerto, and Mulyorejo village in Malang.

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**Table 3. Identification of Local Wisdom in 3 villages**

Local Wisdom Dimensions	Wirausaha BUM Desa (Gosari Village)	Gajah Mada BUM Desa (Kebontunggul Village)	Dewarejo BUM Desa (Selorejo Village)
Local knowledge	Farming	Raise livestock, Farming	Farming
Local Values	<ul style="list-style-type: none"> <li>Islamic Religious Values (Rebo Malam Pelawe, Festival of Damar Kurts)</li> <li>Respect to the nature as a spiritual form</li> </ul>	<ul style="list-style-type: none"> <li>Building togetherness by increasing mutual cooperation (Clean Village Traditions, Ruwatan,)</li> <li>All those who are still alive remember the services and good deeds of the ancestors (Ruwahan)</li> </ul>	<i>The belief "If you don't give thanksgiving, you will suffer a disaster" (Yen ora selamatan bakal entuk balak)</i>
Skills	Farming and Trading	Cattle (Cow) Breeding	Farming and Trading
Resources	Mining, Tourism	Plantation, Agriculture, Husbandry, Nature Tourism	Animal Plantation, Tourism
Decision making mechanism	Always by mutual agreement	Passive (Dominant by Village Government)	Passive (Dominant by Village Government)
Group solidarity	High	High	High

Source: Primary data (observation, interview), 2022

There are similarities between the three villages' identified local wisdom, particularly in terms of local knowledge, local values, and group solidarity. In general, "slametan" traditions—also known as "bancaan" and "ruwatan"—carry similar values, such as respect for elders and the natural world to ensure the safety of villagers. Similar to this, although in different ways, people still uphold the principles of group solidarity in society. It will undoubtedly be simpler to direct business development programmes that are more in line with the typical local community once the types of local wisdom in each village have been successfully identified. As a result, the stages of expanding BUM Desa's capacity will also be more successful. The stages of capacity building consist of four stages, namely: 1) Exploration, 2) Initial Implementation, 3) Full Implementation and 4) Sustainability.

### Pattern of Management and Capacity Development of BUM Desa

Village Owned Enterprises (BUM Desa) were developed based on village needs and potential in an effort to strengthen the village economy. It is hoped that the existence of BUMDesa will inspire

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village communities to create successful businesses in a professional manner in order to enhance the village economy and increase community welfare and enable villages to become independent. Professional management is also required for BUMDesa to actually function as expected. It is necessary to implement modern, professional management techniques gradually but steadily.

In general, what is happening in Indonesia, BUMDesa is established not on initiative or awareness from below, but rather is more of a "top down" nature. Therefore, many BUMDesa managers do not have the knowledge and experience of how to manage organizations and business units in a professional manner. This has resulted in many BUMDesa whose performance is less than optimal and not even a few BUMDesa are unable to develop. Among a number of obstacles experienced by BUMDesa, there are two of the most fundamental, namely leadership and managerial constraints. BUMDes that are active and performing well are generally supported by visionary and creative leadership, both from the Village Head and from community leaders who are able to run the business entity. The second problem is the weakness in the managerial aspect, where creativity alone is not enough to bring the BUMDes to operate properly and sustainably. To ensure the sustainability of BUMDesa, it is necessary to apply modern and professional management which includes planning, organizing, actuating and supervising.

To be able to draw up a plan, it is inseparable from the knowledge and experience of BUMDesa managers related to the goals to be realized. Understanding of these goals is then poured into the vision and mission of the BUMDesa which are then translated into goals and strategies to achieve the set goals. From the results of observations and interviews (July, 2022) as well as checking secondary data, the three BUMDesa have routinely prepared an annual plan, although it is still in a simple form. However, in the last two years, the Covid-19 pandemic has had an impact on the drastic decline in the finances of Village-owned Enterprises, especially for Gajah Mada Village-owned Enterprises and Entrepreneurs who rely on village tourism potential. Practically in 2020 and 2021 BUMDesa will not carry out many activities, and it will only be in 2022 that we will begin to focus again on opening village tourism objects. Meanwhile, BUMDesa Dewarejo, where the business unit managed is an orange plantation, was actually not directly affected by the Covid 19 pandemic. However, the BUMDes is facing the problem of disputes over village asset land, so that the business plan that has been prepared has not been optimal.

The act of allocating tasks to group members and establishing the necessary connections is known as organising. In order to divide work effectively and efficiently within an organisation, cooperation is necessary. In terms of organisational structure, BUMDesa is distinct from the Village Government in accordance with PP number 11 of 2021. However, the Village Head's personal sway over BUMDesa cannot be separated from that role.

Motivating and directing the management of BUMDesa can be carried out by the Director or manager whose role is to motivate employees so that each employee has high work enthusiasm so that the objectives of the existence of the BUMDesa can be achieved. At the Entrepreneurial Village BUM in Gosari village, the directing role is carried out by the Village BUM manager, while for Gajah Mada Village BUM in Kebon Tunggul village and Dewarejo Village BUM in Selorejo Village the function of direction is mostly carried out by the Village Head figure as well as the initiator of Village BUM activities.



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Furthermore, the supervisory function of BUM Desa as stipulated in PP Number 11 of 2021 is carried out by individuals who are proposed by the Village Head, Village Consultative Body, and community leaders. If you look at the initiative, the formation process to organizing and activating the BUM Desa organization in the three villages, the implementation of the supervisory function is not much different. Formally, each BUMDesa has appointed a supervisor to carry out the controlling function, especially in the use of the budget, considering that this aspect of the budget is prone to causing irregularities or abuse.

**Table 4. BUM Desa Management Pattern**

Management dimension	Wirusaha BUM Desa	Gajah Mada BUM Desa	Dewarejo BUM Desa
Planning	<ul style="list-style-type: none"> <li>▪ Annual work program based planning</li> <li>▪ Minimal instrument planning</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual work program based planning</li> <li>▪ Minimal instrument planning</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual work program based planning</li> <li>▪ Minimal instrument planning</li> </ul>
Organising	Is in accordance with Government Regulation Number 11 of 2021 concerning Village -Owned Enterprises	Is in accordance with Government Regulation Number 11 of 2021 concerning Village -Owned Enterprises	Is in accordance with Government Regulation Number 11 of 2021 concerning Village -Owned Enterprises
Actuating	Done collectively by the Community activist as a BUM Desa administrator	Dominated by the village head	Dominated by the village head
Controlling	Consists of 3 people according to the proposal of the village head and community leaders, carrying out the real supervisory function	Consists of 3 people according to the proposal of the village head and community leaders, carrying out the formality of the supervisory function	Consists of 3 people according to the proposal of the village head and community leaders, carrying out the formality of the supervisory function

Source: primary data, processed (2023)

The three BUM Desa have taken part in capacity-building initiatives from non-governmental organisations as well as the federal, provincial, and district governments. The development of insight, talent, potential, personality, capital, and work ethic in support of the management of BUM Desa is generally accomplished through education and training. the capacity building programme, which includes training, advice, and consultation, as is customary in other villages.

The development of formal leadership, technical skills training, such as financial management training, community planning, and various non-formal activities to foster social capital among the villagers were all included in the training that was conducted. The BUM Desa management capacity building programme is carried out in conjunction with the village representatives. The methods used for training include discussions, teaching and learning, questions and answers, focus groups, individual and group projects, simulations, and observations. According to what the Head of Gosari Village said:

*“Fundamentally, the Regency Government has frequently carried out capacity building for BUM Desa management... We always take part in training and technical guidance sessions, such as training on village laws,*

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*technical guidance on land administration, training on village service administration, and so forth".(Conversation, October 16, 2022).*

Another programme that builds capacity is the coaching programme, which is a process, effort, and action or activity carried out effectively and efficiently, or the assistance of a person or group of people addressed to another person or group of people through coaching material with the goal of developing abilities so that what is expected. Financial management is typically the main focus of training for BUM Desa. The village chief of Kebon Tunggul Mojokerto reported that it showed:

*"Coaching for BUM Desa management is usually carried out related to financial governance and administration and management in general, but when viewed from the results it seems to be less successful because after there is a training and coaching program, it turns out that the governance of the village BUM is still the same as before"* (Interview, Oct 16, 2022).

Additionally, a consultation programme has been implemented as part of the capacity building. It is possible to define consultation as the process of assisting someone in learning more about themselves, developing potential, resolving issues, making decisions, and other activities by people who are experts and meet qualification standards in certain areas. The results of an interview with one of the informants are as follows:

*"To be honest, from the beginning I founded this village business entity which was a disadvantage that BUM DES administrators who were less experienced so that their ability to manage BUM Desa was also still low, every time there was difficulty in consulting both the District and District level or to third parties as partners For example, many tertiary institutions provide consultation services "*(Interview, Oct 18, 2022).

Although village officials and BUMDesa managers have been following a capacity building programme, it is actually still not entirely effective. This is evident from the disparity in perceptions regarding the creation and continued existence of Village-Owned Enterprises (BUMDes) between village officials and BUMDesa managers. According to the rules, BUMDes was created by the village based on village discussions, and any business units created should be modified to take advantage of the village's current potential. But in reality, the top-down or centralised government is more involved in the process of forming BUM Desa.

The establishment of BUM Desa and the kind of business that resulted are summarised as follows:

**Table 5. The establishment of BUM Desa**

<b>Village-Owned Enterprises</b>	<b>Origin Agency</b>	<b>Type of business</b>
<b>Wirausaha Gosari Village</b>	Initiation from the community, especially youth leaders	Cultural -based tourism object
<b>Gajah Mada, Kebon Tunggul Village</b>	Initiation from the district government and the village government	Natural -based tourism object
<b>Dewarejo, Selorejo Village</b>	Initiation from the district government and the village government	Orange Plantation Based Tourism Object

Source: primary data, processed (2023)

### BUM Desa Capacity Building Strategy Based on Local Wisdom Value

With more resources, it is anticipated that BUM Desa will be able to promote the village's economic development in the direction of Mandiri Village. BUMDesa management must be handled professionally as a result. There are many different capacity-building initiatives that have been implemented, but they frequently have less success in enhancing BUMDes managers' capabilities. The large number of BUMDesa, which falls under the category of undeveloped, serves as evidence of this. Both the Regency and Village Governments have taken the initiative for Gajah Mada BUM Desa in Kebon Tunggul Village, Mojokerto Regency, and Dewarejo BUM Desa in Selorejo Village, Malang. Even today, in reality, the BUM Desa management, which was established based on, have not been fully submitted.

The meaning of capacity building varies depending on who uses it and in what situation ([Maransa, 2018](#)). Hardjanto (2006) claims that the goals of capacity building are. 1. expedite decentralization's implementation in accordance with relevant laws. 2. Proportionate oversight, accountability, responsibilities, and financial mechanisms in the context of implementing regional capacity building 3. The mobilisation of local, national, and international financial resources. 4. Making effective and efficient use of financial resources.

Stakeholders must be involved in the evaluation of the capacity building programme after it has been put into place so that programme actors can determine which fields need additional training, which fields need to be prioritised, and how capacity building can be incorporated into local and institutional development strategies. A capacity-building programme, according to UNDP, that is solely based on training and does not include thorough studies and assessments of the state of the situation will not be as effective in producing lasting results. Permaih, Suryadi, and Heru (2022) propose that diversifying strategies at the level of individuals and organisations is an effective strategy to develop Bum Des, and that the alliance strategy through the formation of an integrated team is expected to play a crucial role in embracing all parties involved in developing BUM DES in Banjar City.

The findings of this study added to the strategy put forth by earlier researchers and presented a claim that the effectiveness of the capacity building programme would increase if it was based on the vigilance of local wisdom values in the form of knowledge, skills, and superior potential of the village that was already owned and inherent in business actors and BUM Desa Stakeholders. Utilising local and national systems to find strategies for the sustainability of the capacity building programme and the outcomes is what the use of local wisdom values in this programme is all about. For instance, if capacity building for village officials through training for the development of insight, talent, potential, personality, capital, and work ethic is generally less effective at supporting the control of village administration, which primarily employs this lecture method. It would be more beneficial if the residents of the Desit themselves held informal meetings to discuss the superior potential of the village and what local values were deserving of being developed into village businesses. This would allow the increased insight, talent, potential, personality, and work ethic to be internalised. The organisation that offers the capacity-building programme is merely a facilitator.

## **Recommendations Based On The Principles Of Traditional Wisdom For The Capacity-Building Model**

The strategies used to build capacity in various nations across the continent are described by ([Craig, 2007](#)), who also harshly criticises the 'deficit' model, which assumes that people are lacking in knowledge and skills. According to Whittle, Susan Rosina, Anne Colgan, and Mary Rafferty (2011), building community capacity "is basically not a neutral technical process; This is about power and ideology and how this is mediated through the structure and process." The UNDP emphasised that the four main issues of institutional arrangements, leadership, knowledge, and accountability are what drive capacity. Therefore, at the very least, all of these issues must be taken into account when evaluating institutional or organisational capacity.

It is considered a success for BUM Desa to expand its capacity if it is successful in creating new village economic centres or expanding on those that already exist. However, many BUM Desa are still struggling to make use of the village funds that were given to them in order to boost the village economy more quickly. Even worse, many village BUMs and governments have a bad reputation for handling the initial capital provided by the villagers. According to the research conducted by Astuti et al. in 2021, the village accountability system had not yet been implemented, which means that the fundamentals of good governance had not yet been applied to village government. The village government is not used to directly reporting to the public on how the budget for the village fund has been used. In actuality, the majority of village officials are unaware of the purpose of the accountability system. This indirectly affects the village apparatus's limited capacity for decision-making and performing its primary duties as managers and implementers of the APBDes to develop BUM Village in a professional and accountable manner.

Whereas the community has the right to know about and receive information on financial accountability reports from the village government in accordance with Law Number 6 Year 2014. By making information available to the public (disclosure), it is hoped that the government and village apparatus will be able to improve morally as a result of the realisation that every decision and action must be able to satisfy accountability standards, either directly to officials above (direct accountability) or indirectly to society (indirect accountability). As a result, the capacity building programme should also convey the fundamentals of why it is crucial for BUM Desa to implement the principle of good corporate governance.

When carrying out capacity-building initiatives that entail the adoption of various institutional, local, and national systems. This calls for ongoing evaluation and changes are anticipated in response to shifting circumstances. This includes evaluation indicators to gauge the program's effectiveness after it starts. Assessment of capacity-building initiatives promotes accountability. Changes in institutional performance serve as the foundation for measurements. Evaluations are based on improvements in four key areas: institutional arrangements, leadership, knowledge, and accountability.

**Institutional Arrangements** - According to some studies, institutions are frequently ineffective because of their policies, procedures, resource management, organisations, leadership, framework, and weak or inadequate communication. **Leadership**: According to UNDP, both individual and

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organisational leadership can act as a catalyst for the accomplishment of development objectives. Strong leadership makes it simpler to adapt to change, and strong leaders have an impact on others. It makes use of mentoring and guidance programmes to support the growth of leadership abilities like prioritisation, communication, and strategic planning. Knowledge: According to UNDP, knowledge serves as the basis for capacity. He thinks that more money needs to be put into creating an effective educational system and opportunities for long-term learning and professional skill development. This encourages participation in efforts to reform post-secondary education, foster sustainable learning, and provide household knowledge services. Accountability - Using accountability measures helps to improve performance and efficiency. The institution's lack of accountability steps encourages corruption. The UNDP encourages the improvement of the institution's monitoring and evaluation system. Additionally, it supports impartial groups that oversee, keep an eye on, and assess institutions. This encourages the development of civil society's skills in literacy and language, which will enable greater participation in the monitoring institution.

This capacity-building system is a part of UNDP's efforts to fulfil the Millennium Development Goals (MDGs). This emphasises institutional capacity-building because it holds that "institutions are the heart of human development, and that when they are able to work better, maintain that performance from time to time, and manage 'surprises' to the system, they can make more contributions means to achieve the goals of national human development." The UNDP's process for building capacity is outlined below.



**Figure 1. Institutional Capacity Building, UNDP (2009)**

However, not every stage of building up the village government's and the BUM Desa's capacity follows the stages in general as described above by the UNDP. Capacity building is frequently limited to providing training, socialisation, and technical assistance without considering the potential or strategic requirements of each village. The institutional capacity of Sesa's business entities has therefore not yet increased as anticipated as a result of the capacity building programme. In fact, the BUM Desa business will receive the support of the community if it explores the values of the local wisdom of the village and then synergizes with the business potential that will be developed.

The strategy used is that communication needs to use local concepts that are well-known within the community and stakeholders increase capacity when it comes to implementing the principles of good governance. There are 11 general guidelines for good governance, including: openness

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and transparency (openness and transparency), responsible implementation (responsive), responsive (accountable), fair (fair), participatory (participative), corruption-free, efficiency and effectiveness (efficiency and effectiveness), certainty and rule of law, sustainable development, and innovation and openness to change better (innovation and openness to change). If the concept or term invested is a local term with the same meaning, the training programme will be more effective. For instance, it is sufficient to instill sincere values in the pesantren culture to instill responsible, responsible, and anti-corruption principles. Village officials will become more receptive, accountable, and responsible by putting this sincere value into practise in the realm of village government and services to community members. As a result, they will refrain from engaging in acts of corruption while performing their duties as village officials.

It is therefore thought to be more effective to incorporate the values of local wisdom into the process of building capacity for village officials in particular and for villagers in general. The Proposed Model of BUM Desa Capacity Building Based on the Values of Local Wisdom is Visualised as Follows:

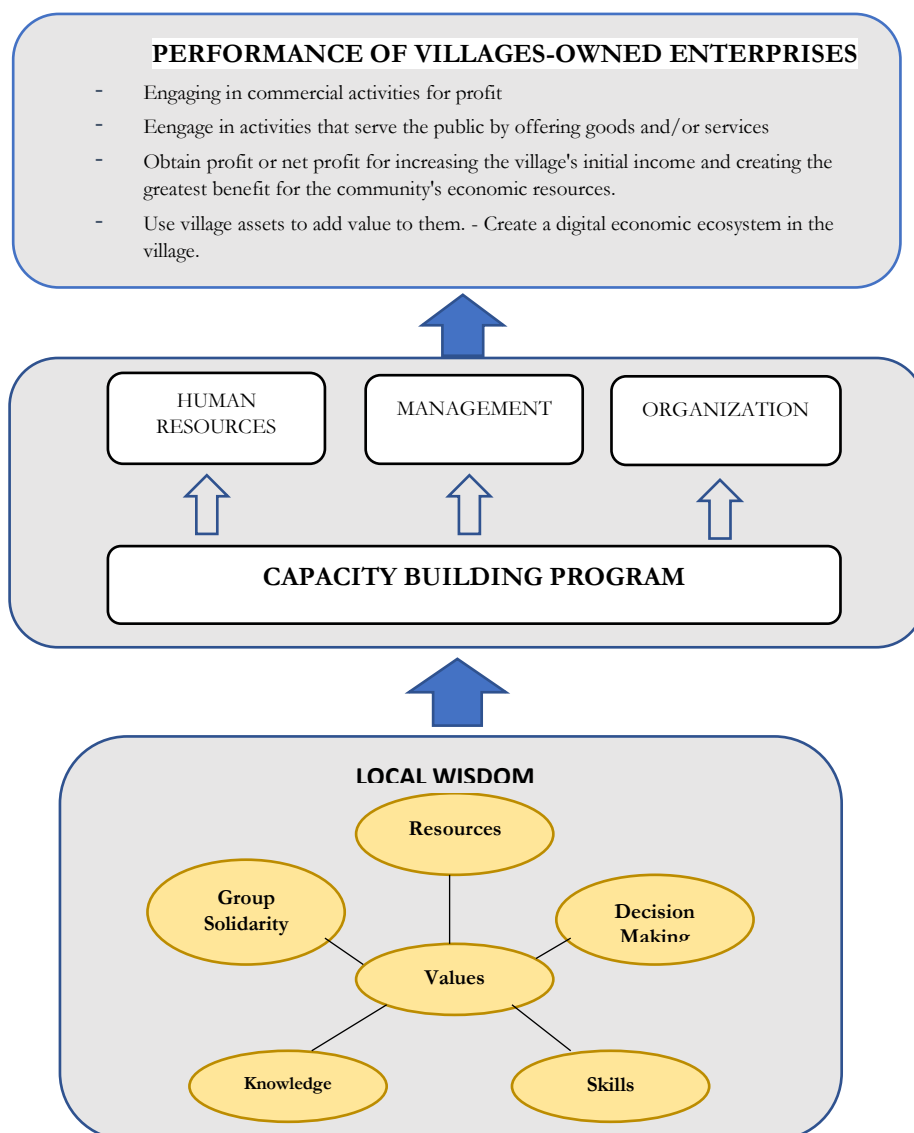


Figure 2: The BUM Desa capacity building model based on the values of local wisdom.

## CONCLUSION

These inferences can be made in light of the study's findings: 1) The goal of establishing the village BUM as the engine of the village economy has not been achieved as evidenced by the number of village BUMs that are not active and unsustainable in carrying out their business. Consequently, additional strategies are still required to improve the efficacy of capacity building programmes; 2) A capacity building programme needs to be based on an awareness programme to promote mutual understanding among the stakeholders in BUM Desa rather than just providing training, assistance, consultation, and financial support. 4) Capacity building programmes are therefore required to comprehend the characteristics of local wisdom values in the form of knowledge, resources, skills, and habits in decision making and group solidarity to be synergized into the management of BUM Desa. 3) The existence of BUM Desa as a driving force for village innovation needs to be supported by all elements, especially the social environment. Thus, there will be a change in BUM Des Management from traditional to BUM Desa's modern and professional management.

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