
Strategy of Increasing Human Resources to Improve the Performance of Village Owned Enterprises in Pulang Pisau Regency

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Abstract

Objective – This study aims to analyze the existing challenges and potentials and to formulate an effective human resource (HR) development strategy to enhance BUMDes performance.

Design/Methodology/Approach – This research adopts a qualitative approach through observation, in-depth interviews, and Focus Group Discussions (FGDs) involving village heads and BUMDes directors as primary respondents. Data were analyzed by comparing the results of a self-perception survey (Likert-scale questionnaire) with qualitative insights derived from interviews and discussions, to identify the convergence and divergence between perceived competence and actual performance in the field.

Findings – The study reveals a significant gap between managerial self-perception and real-world implementation. While BUMDes managers perceive themselves as visionary, innovative, and entrepreneurial, their actual operations remain constrained by limited managerial skills, weak governance structures, insufficient digital literacy, and political interference in decision-making. Furthermore, BUMDes units tend to run conventional businesses with minimal innovation and limited collaboration. Despite these barriers, visionary and collaborative leadership—characterized by proactivity, community engagement, and a strong social orientation—emerged as the most influential factor in improving BUMDes performance and sustainability.

Implications – This research recommends a comprehensive HR development framework integrating continuous capacity building, field-based technical mentoring, the establishment of clear Standard Operating Procedures (SOPs), transparent financial reporting systems, and strategic collaboration among local governments, universities, and the private sector. Consistent implementation of these strategies is expected to accelerate the transformation of BUMDes in Pulang Pisau Regency into independent, innovative, and competitive rural economic enterprises.

Keywords: Human Resources, Leadership, Employee performance, Innovation.

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INTRODUCTION

The Village-Owned Enterprise (BUMDes) is an important instrument established based on Law Number 6 of 2014 concerning Villages to drive the village economy and improve community welfare. The success of BUMDes is measured by its ability to manage local potential, create sustainable business units, and contribute significantly to the Village Original Income (PADesa). However, the main challenge faced by most BUMDes, especially in developing regions, often centers on the aspect of Human Resources (HR). The quality of BUMDes managers and employees is the primary determinant factor between business success and stagnation (Setyawan & Hidayat, 2022).

Pulang Pisau Regency, Central Kalimantan, exhibits a similar pattern of challenges. Data from the local Village and Community Empowerment Office (DPMD) indicates that although the number of established BUMDes is quite large, the percentage of those operating actively, professionally, and independently remains low. Many BUMDes are still categorized as pioneers or beginners, and quite a few are even passive (Harisinta, 2024). One of the root problems directly identified by the local government is the inadequate availability and competence of HR. These HR limitations include a lack of managerial understanding, transparent financial governance, and entrepreneurial capability to optimize business units (Wibowo, 2025).

The performance of BUMDes employees reflects organizational operational effectiveness, service quality, and accountability. Low performance, often indicated by the inability to achieve business targets, transparency issues, or a lack of product/service innovation, directly hinders BUMDes growth (Mangkunegara, 2017). In the context of BUMDes in Pulang Pisau, improving employee performance is urgent to transform their status from pioneer BUMDes into advanced BUMDes, enabling them to become professional and sustainable village economic entities.

Therefore, this research aims to analyze and formulate the most effective and contextual HR improvement strategies for BUMDes in Pulang Pisau Regency. This strategy will focus on developing competence, motivation, and HR governance to directly encourage enhanced employee performance. This study is important not only for providing practical recommendations to the local DPMD and BUMDes managers but also for filling the literature gap regarding successful HR improvement models applied in village economic institutions, especially in the Central Kalimantan region.

Literature Review

Village-Owned Enterprise (BUMDes) is an important instrument in the development of the rural economy in Indonesia. Established based on village initiatives, BUMDes functions to drive the local economy, increase the village's original income, and improve the welfare of the village community. The success of BUMDes is highly dependent on various factors, one of which is the effective management of Human Resources (HR). Good HR management ensures that BUMDes has a competent, motivated, and result-oriented team, which will ultimately enhance performance and business sustainability.

Basic Concept of BUMDes

Research by Suprianto (2020) in the journal "Jurnal Ekonomi Pembangunan" explains that BUMDes is not merely a business entity, but also a social entity with the responsibility to empower the village community. Therefore, HR management in BUMDes differs from private companies in general. In BUMDes, HR is assessed not only by technical competence but also by commitment to social values and the goals of village development. Fauzi's (2019) study underscores the vital role of

the village head and village officials in supporting BUMDes, including in the selection and guidance of BUMDes management.

Human Resource (HR) Management in BUMDes

HR management in BUMDes involves a series of activities, ranging from planning, recruitment, selection, development, to performance evaluation. Research by Wulandari and Setyorini (2021) indicates that many BUMDes face challenges in recruitment. They often recruit family members or close acquaintances without considering adequate competence. This results in sub-optimal BUMDes performance.

Strategies for Improving HR Management

Various studies have identified several key strategies to improve HR management in BUMDes: (1) **Competency-Based Planning and Recruitment** This strategy emphasizes the importance of recruiting BUMDes management based on relevant qualifications and competencies. Prasetyo's (2018) research suggests that BUMDes should develop clear job descriptions and conduct a transparent selection process. The involvement of neutral external parties, such as academics or consultants, in the selection process can increase objectivity and obtain higher quality HR; (2) **Training and Capacity Development** Training is a critical investment for enhancing BUMDes performance. Santoso and Adiputra's (2020) study found that BUMDes managers who receive regular training on business management, finance, and marketing demonstrate better performance. Training can be provided through collaboration with local governments, universities, or non-governmental organizations; (3) **Incentive and Reward System** A fair and transparent incentive system can motivate BUMDes management. Rahman (2019) in his research highlights that incentives do not always have to be monetary. Non-financial rewards, such as public recognition, opportunities to participate in advanced training, or promotions, are also very effective in driving performance; and (4) **Stakeholder Involvement and Participation** Effective HR management in BUMDes must involve the active participation of all stakeholders, including the village government, the Village Consultative Body (BPD), and the community. Widodo (2021) argues that participatory decision-making, especially concerning HR policies, can foster a sense of ownership and commitment from BUMDes management.

Based on this literature review, it can be concluded that effective HR management is a determinant factor in improving BUMDes performance. The challenges faced by BUMDes, such as unprofessional recruitment and minimal training, can be overcome through structured strategies. These strategies include competency-based recruitment, capacity development through training, adequate incentive systems, and active involvement from stakeholders. Consistent implementation of these strategies will help BUMDes achieve their economic goals and provide a sustainable positive impact on the village community.

METHODS

The qualitative research approach is the most appropriate and indeed the only way to achieve certain research objectives. Situations where qualitative research is most likely the method of choice include (1) when little is known about the research problem or opportunity, (2) when prior research only partially or incompletely explains the research question, (3) when current knowledge involves subconscious, psychological, or cultural material that cannot be accessed through surveys and experiments, and (4) if the primary purpose of the research is to propose new ideas and

hypotheses that can ultimately be tested with quantitative research (Hair et al., 2019).

Data Collection Techniques

There are two general approaches to qualitative data collection—observation and interviewing. If your research objective is to examine the behavior of people or events, then observation is the appropriate method. On the other hand, if your objective is to understand why something happens, then you need to interview people: (1) **Observation** Observational data are collected by systematically recording observations of people, events, or objects. Observational data can be obtained using human, electronic, or mechanical means. The observational approach yields narrative, image, and/or numerical data (Creswell & Creswell, 2021); (2) **In-depth Interviews** In interviews, researchers talk directly to respondents. Interviews are particularly helpful in gathering data when dealing with complex or sensitive issues and when open-ended questions are needed to gather relevant data. Interviews also allow researchers to obtain feedback and use visual aids if the interview is conducted face-to-face or online. For example, a respondent might be shown a new company logo, a new corporate mission statement, a building design, car styles and color, and so forth and asked to provide comments. Lastly, interviews are flexible in terms of where they can be conducted (e.g., at work, at home, or in a mall), and the researcher can increase the level of participation by explaining the project and its value (Hair, Black, Babin, & Anderson, 2019); and (3) **Semi-structured Interviews** Semi-structured interviews give researchers the freedom to use their own initiative in following up on an interviewee's answer to a question. For example, the interviewer may want to ask related, unexpected questions that were not originally included. This approach can yield unanticipated and insightful information, thereby enhancing the findings.

Perhaps the most well-known approach to semi-structured interviewing is the focus group. A focus group involves a semi-structured interview that uses an exploratory research approach and is considered a type of qualitative research. Focus groups are guided by a moderator, who encourages discussion and keeps the group on track, so they do not stray too far from the main topic. A good moderator is key to the success of a focus group.

RESULTS AND DISCUSSION

This report presents a comparative analysis between the self-perception data of Village Heads and BUMDes Directors, obtained through structured Likert-scale questionnaires, and qualitative data from in-depth interviews (FGDs) in Pulang Pisau Regency. The research objective is to identify the convergence and discrepancy between the two data sources in understanding the challenges and potential for BUMDes development. The results show alignment on the importance of visionary and proactive leadership, but significant differences exist regarding autonomy, risk-taking, and innovation implementation. These findings underscore the need for holistic interventions, encompassing HR capacity building, governance reform, and external collaboration facilitation to drive BUMDes progress.

The Village-Owned Enterprise (BUMDes) is a strategic pillar in rural economic development and community welfare improvement. The success of BUMDes is highly dependent on the quality of its management, which involves aspects of leadership, entrepreneurship, and organizational governance. This study aims to analyze the perceptions of key stakeholders, namely the Village Heads and BUMDes Directors, regarding these dimensions. By comparing measured self-perception data with qualitative narratives from interviews, the research seeks a more comprehensive understanding of the actual conditions and challenges faced by BUMDes in Pulang Pisau Regency.

This discussion will outline the comparison between the self-perception results (questionnaires) and the interview findings (FGDs) across several key dimensions:

Autonomy and Risk-Taking

Self-Perception: Respondents showed a low average score for autonomy (2.86), indicating limitations in decision-making freedom. On the aspect of risk-taking, the average score (3.8) suggests a cautious approach.

Interview Findings: Interviews consistently highlighted the dominance of political aspects in the election of village heads, which results in weak internal control of BUMDes and conflicts of interest. This limits the BUMDes' room for maneuver in taking initiatives and risks. Furthermore, limited initial capital and access to financing are also significant obstacles to developing risky ventures.

Comparison: There is strong consistency between self-perception and interview findings regarding the low level of autonomy and caution in risk-taking. The low perception of autonomy is reinforced by interview narratives about political intervention and resource limitations. This indicates that while there is an awareness of the importance of autonomy in entrepreneurship, its implementation is hindered by structural and external factors. The concept of institutional environment (Kreiser et al., 2010) is relevant here, where the village bureaucratic environment can moderate the level of risk-taking.

Innovation and Creative Self-Efficacy

Self-Perception: Respondents showed an innovative behavior with an average score of 4.16 and a fairly good level of confidence in their creative thinking ability (creative self-efficacy) with an average of 3.82.

Interview Findings: Interviews revealed that BUMDes business types are still conventional and lack innovation, despite abundant local potential. The lack of entrepreneurial orientation among managers, limited HR capacity in developing business plans, and low initiative to develop new products or services are the main obstacles.

Comparison: There is a discrepancy between the relatively positive self-perception towards innovation and creative self-efficacy and the reality of implementation on the ground. Although Village Heads and BUMDes Directors feel they possess innovative abilities, interview findings show that innovation has not been optimally realized in BUMDes business practices. This gap can be interpreted as an obstacle in translating self-belief into concrete action, caused by a lack of digital literacy, practical business experience, and adequate technical assistance. This aligns with the view of Tierney & Farmer (2002) that creative self-efficacy is important but needs to be supported by an enabling environment and capacity.

Leadership and Human Resource (HR) Capacity

Self-Perception: Respondents showed high scores on the dimensions of entrepreneurial leadership (future orientation, community building, proactive personality) and creative leadership (shared vision, supportive climate, network activator). Entrepreneurial orientation also showed high scores on proactivity, passion, and perseverance.

Interview Findings: Interviews consistently emphasized the crucial role of the village head as a facilitator and initiator. The ideal leader characteristics that emerged are visionary, firm, responsible, innovative, capable of building collaboration, and possessing a high social spirit. However, interviews

also highlighted the low HR capacity of BUMDes managers in basic managerial skills, financial management, and reporting. The lack of external collaboration is also a challenge.

Comparison: There is a strong relationship between self-perception and interview findings regarding the importance of strong, entrepreneurially-oriented leadership. Both data sources highlighted positive characteristics such as vision, proactivity, and networking ability. However, the interviews provided deeper context regarding the challenges in realizing this ideal leadership, particularly related to inadequate HR capacity and the need for more intensive assistance. These findings support the relevance of transformational leadership, servant leadership, adaptive leadership, and collaborative leadership theories in the BUMDes management context.

In summary, the research results indicate that the self-perception of Village Heads and BUMDes Directors regarding leadership and entrepreneurial orientation is at a positive level, especially on aspects of innovation, proactivity, passion, and perseverance. However, the comparative analysis with interview findings revealed a gap between perception and implementation reality, particularly in the aspects of autonomy and practical innovation. Low autonomy and caution in risk-taking, as well as minimal materialized innovation in practice, are the main challenges. Conversely, there is a strong connection on the importance of visionary, proactive, and collaborative leadership, although the managerial HR capacity still requires significant strengthening.

CONCLUSION

This research examines the condition of Village-Owned Enterprises (BUMDes) in Pulang Pisau Regency, Central Kalimantan, focusing on identifying challenges and development potential. The analysis results indicate that the majority of BUMDes in the study area are still categorized as "Pioneer" and "Beginner," with suboptimal performance in various aspects.

BUMDes managers generally have limitations in managerial skills, digital literacy, business planning, and accounting. This hinders operational efficiency and business innovation. The organizational structure of BUMDes is often not yet solid, Standard Operating Procedures (SOPs) are not well-implemented, and accountability in financial reporting remains an issue. Political intervention in BUMDes management was also identified as an obstacle to autonomy and risk-taking.

The types of businesses run by most BUMDes tend to be conventional and do not yet fully exploit local potential strategically. Initiatives to develop new products or services with added value are still limited. Many BUMDes face constraints in obtaining adequate initial capital and establishing strategic collaborations with external parties, such as financial institutions, universities, or the private sector. Although BUMDes managers have a positive perception of their innovative and leadership abilities, actual implementation on the ground still shows a gap, particularly concerning autonomy and practical innovation. Visionary, proactive, participatory, and socially-oriented leadership characteristics at the village level are recognized as crucial factors for BUMDes progress.

Based on the findings and analysis presented, the following strategic recommendations are advised to encourage the improvement of BUMDes classification and performance in Pulang Pisau Regency: (1) The local government, in collaboration with universities and training institutions, needs to organize structured and sustainable training programs for BUMDes managers. Training materials must cover financial management, business planning, digital marketing, product development, as well as leadership skills (transformational, servant, adaptive, and collaborative); and (2) Provide direct technical assistance on the ground by competent expert teams or facilitators to help BUMDes

apply knowledge from training into real practice, including in the preparation of work plans and reporting. Assist BUMDes in developing and implementing clear Standard Operating Procedures (SOPs) for each business unit, and establishing a transparent and accountable financial reporting system. Facilitate BUMDes in identifying and developing new business units that are appropriate to the village's natural, social, and cultural resource potential, and encourage product innovation to increase added value and competitiveness.

With the consistent and integrated implementation of these suggestions, BUMDes in Pulang Pisau Regency are expected to transform into independent, innovative village economic pillars capable of making a significant contribution to improving community welfare.

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