



Financial Management Strategies of Village Enterprises in Kotabaru

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ABSTRACT

This study aims to analyze the implementation, approach, and strategy of productivity-based financial management of Village-Owned Enterprises (BUMDes) in Kotabaru District, Karawang Regency. This research employs a qualitative approach with a descriptive method. Data were collected through interviews, observations, and documentation involving BUMDes management and relevant stakeholders. Data analysis was conducted through data reduction, data display, and conclusion drawing. The results indicate that the implementation of BUMDes financial management has been carried out through sequential stages, namely financial planning, fund utilization, financial recording, financial reporting, as well as accountability and evaluation. The productivity-based financial management approach is oriented toward the effective use of financial resources to support productive and sustainable village business activities. Meanwhile, the financial management strategy to enhance business productivity is implemented through strengthening business-oriented budgeting, improving financial administration, and reinforcing policy support from the village government along with the commitment of BUMDes management. Based on these findings, it can be concluded that the financial management of BUMDes in Kotabaru District, Karawang Regency has been administratively implemented and oriented toward productivity. However, further improvement in human resource capacity and continuous assistance is still required to optimize the performance and sustainability of BUMDes business activities.

Keywords: Village-Owned Enterprises; Financial Management; Productivity; Strategy



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INTRODUCTION

The implementation of decentralization and rural community empowerment in Indonesia positions villages as active subjects of development with the capacity to manage their economic potential independently. In this context, Village-Owned Enterprises (BUMDes) serve as a key institutional instrument in promoting village economic independence and increasing village-generated revenue. The national regulatory framework governing the establishment and governance of BUMDes is stipulated in Government Regulation Number 11 of 2021, which emphasizes that BUMDes function as village-managed business entities aimed at optimizing asset utilization and developing productive village enterprises (Pemerintah Republik Indonesia, 2021). This policy framework highlights financial management as a fundamental element in ensuring that the primary objective of BUMDes improving rural community welfare—can be achieved in a consistent and sustainable manner (Septriani *et al.*, 2025).

Recent studies indicate that the transformation of BUMDes from merely administrative entities into productive business organizations requires the implementation of financial management strategies that are integrated with locally grounded productivity-based business models (Lewaherilla *et al.*, 2022). Productivity-oriented BUMDes are expected to optimize social capital, effectively utilize assets, and diversify business activities in order to strengthen cash flow and enhance reinvestment capacity (Kasnaini *et al.*, 2024). Therefore, analyzing financial management strategies that emphasize productivity is crucial to ensure that BUMDes are not only sustainable but also capable of making tangible contributions to village economic growth (Faisol *et al.*, 2024).

Karawang Regency, an administrative region consisting of 30 sub-districts and 309 villages/urban villages, including Kotabaru District with its 9 villages, represents an important context for the development of BUMDes as part of a local economic strengthening strategy (RKPD Kabupaten Karawang, 2024). Regional statistical publications issued by the Karawang Statistics Office provide key data and development indicators that can serve as a basis for analyzing economic conditions and community welfare levels (Badan Pusat Statistik Kabupaten Karawang, 2023). At the sub-district level, several BUMDes in Kotabaru have initiated institutional development and business expansion, including those in East Jomin Village, which have formalized their legal status and organizational structure as part of strengthening village enterprise governance.

Karawang Regency is characterized by productive land resources, particularly in the agricultural sector, as well as dynamic Gross Regional Domestic Product (GRDP) growth monitored by the regional statistics office. These conditions create significant opportunities for developing productivity-based BUMDes in sectors such as agriculture, agro-industry, and local services, provided they are supported by effective financial management practices (RKPD Kabupaten Karawang, 2024). Regional statistical reports for 2023/2024 serve as critical references for identifying economic sectors that can be leveraged as the foundation for productive business unit development within BUMDes (Badan Pusat Statistik Kabupaten Karawang, 2023). However, empirical evidence suggests that many BUMDes still face challenges in management practices, including weak financial management systems, limited basic accounting competencies, suboptimal investment planning, and restricted access to capital for supporting productive activities (Faisol *et al.*, 2024).

These challenges often contribute to the inability of BUMDes to scale productive businesses capable of generating stable cash flows and enabling reinvestment for business expansion (Septriani *et al.*, 2025). Consequently, more specific financial management strategies are required, such as productivity-oriented budgeting, the application of

accountable cash management systems, and transparent profit-sharing mechanisms, to ensure that BUMDes can function optimally as drivers of rural economic development (Lewaherilla *et al.*, 2022).

Although numerous studies on BUMDes have been conducted, there remains a significant research gap concerning the practical implementation of productivity-based financial management strategies within specific local contexts, such as Kotabaru District. Moreover, limited research has examined the extent to which such strategies influence financial performance and contribute to improving rural community welfare (Kasnaini *et al.*, 2024). Context-specific research is therefore essential, as financial management models successfully implemented in other regions cannot be directly applied to Kotabaru without considering local characteristics such as institutional structures, economic potential, and the strength of social capital (Septriani *et al.*, 2025).

In this regard, this study holds significance in bridging the gap between practical needs and academic discourse related to the formulation of productivity-based financial management strategies tailored to the conditions of Kotabaru District (Lewaherilla *et al.*, 2022). The findings are expected to provide practical recommendations for BUMDes managers, particularly regarding financial management practices that support productivity improvement, such as structured financial recording systems, investment planning for productive enterprises, internal financing models, and transparency mechanisms that strengthen accountability (Faisol *et al.*, 2024).

At the district and sub-district levels, this research is also expected to contribute as a reference for designing capacity-building programs and policy formulation aimed at strengthening BUMDes institutions, thereby enhancing their role in supporting village economic development and improving community welfare. Statistical publications from the Karawang Statistics Office, including regional and welfare statistics, provide relevant contextual data regarding village distribution, economic structure, and welfare indicators that support this study (Badan Pusat Statistik Kabupaten Karawang, 2023). In addition, national regulations such as Government Regulation Number 11 of 2021 and related implementing regulations serve as normative references in formulating research indicators related to governance and administrative compliance of BUMDes (Pemerintah Republik Indonesia, 2021).

In this study, the concept of productivity-based financial management strategy is not merely interpreted as administrative financial discipline, but as a strategic approach that directs planning, utilization, and control of BUMDes funds toward increasing business output, improving operational efficiency, and fostering sustainable business growth. Productivity in the context of BUMDes refers to the ability of village enterprises to generate economic value-added through the optimal use of village assets, effective capital circulation, and profit reinvestment to expand and strengthen productive business activities.

Thus, financial management is positioned not merely as an administrative tool for recording and accountability, but as a strategic instrument for enhancing BUMDes business performance. This approach is particularly important given that many BUMDes still face challenges in directing financial resources toward productive activities, resulting in limited contributions to village revenue and community welfare.

Considering the urgency of policy directions, the specific characteristics of Kotabaru District, and existing gaps in financial management practices, this study aims to identify and evaluate productivity-based financial management strategies and formulate best-practice recommendations to improve BUMDes financial performance in the region (Lewaherilla *et al.*, 2022). The focus of this study includes the analysis of budgeting for productive enterprises, financial recording and reporting systems, profit

distribution mechanisms, sources of financing (both internal and external), and productivity performance indicators that contribute to improving rural community welfare (Faisol *et al.*, 2024).

In light of national policy directions, regional development data in Karawang Regency, and the practical need to develop BUMDes as productive and sustainable business entities, research on productivity-based financial management strategies in Kotabaru District has become increasingly relevant and urgent. This study is expected to contribute to the existing literature while also providing practical recommendations that can be directly implemented by BUMDes managers and regional stakeholders to enhance financial management effectiveness and strengthen the role of BUMDes in supporting village economic development (Septriani *et al.*, 2025).

Based on the background, research gap, and identified urgency, this study is directed to analyze how financial management is implemented by BUMDes in Kotabaru District, Karawang Regency, how productivity-based financial management approaches are applied, and how financial management strategies are implemented to improve the productivity of BUMDes business activities.

LITERATURE REVIEW

Financial Management Strategy

Strategy refers to a guideline or direction of action formulated to achieve predetermined objectives by considering the strengths and weaknesses of an organization (Efawati & Harmon, 2018). Strategy functions as a general framework of actions that provides direction in decision-making and in the implementation of organizational activities (Efawati *et al.*, 2024). Husain Umar explains that strategy can be understood as a pattern of actions designed to achieve specific goals and serve as guidance for those responsible for carrying out organizational activities (Supardi, 2019).

Furthermore, Vansil Salusu states that organizational strategy is a conceptualization formulated by organizational leaders that includes the determination of long-term goals, the formulation of policies, and the preparation of operational plans to achieve these objectives systematically (Supardi, 2019). Thus, strategy can be understood as a set of policies and actions designed to achieve organizational goals by considering both internal and external conditions. In the context of economic organizations such as Village-Owned Enterprises (BUMDes), strategy is not only oriented toward achieving profit but must also consider social objectives and the welfare of village communities. Therefore, BUMDes financial management strategies need to be formulated adaptively by considering limitations in human resources, institutional capacity, and the local economic potential possessed by the village.

Financial management itself is a series of processes in utilizing and allocating financial resources effectively and efficiently to achieve organizational objectives. Financial management involves several stages, including planning, organizing, implementation, and supervision of the use of funds in order to provide optimal benefits for the organization (Jirwanto *et al.*, 2024). According to Husnan Suad, financial management is the process of managing financial functions within an organization, including decision-making related to investment, financing, and asset management owned by the organization. These functions play an important role in supporting the sustainability of organizational operations and ensuring that financial resources can be utilized optimally (Manap *et al.*, 2024).

In practice, financial management has several main objectives, including optimizing the use of capital, managing financial risks, providing adequate liquidity, and

conducting effective planning and budgeting. In addition, financial management also plays a role in making appropriate investment decisions to generate optimal returns with acceptable levels of risk (Manap *et al.*, 2024). In the context of BUMDes, financial management generally uses a cash-based system, where all transactions are recorded when cash is received or disbursed. BUMDes financial management includes several main stages, namely planning, implementation, administration, reporting, and financial accountability. These stages are essential in ensuring transparency and accountability in BUMDes financial management (Damayanti, 2023).

Financial planning is carried out through the preparation of revenue and expenditure plans related to BUMDes business activities. The implementation stage represents the execution of these plans in operational business activities. Administration is conducted through systematic recording of transactions in cash books, while reporting and accountability are carried out through the preparation of financial statements that transparently reflect the financial condition of BUMDes (Damayanti, 2023). Therefore, financial management strategy becomes an important factor in determining the success of BUMDes in managing village economic resources. Appropriate strategies will help BUMDes optimize the use of funds, improve business efficiency, and strengthen the sustainability of village economic activities.

Village-Owned Enterprises (BUMDes)

Village-Owned Enterprises (BUMDes) are village economic institutions established by the village government to manage economic potential and village assets in order to improve community welfare. The establishment of BUMDes aims to encourage village economic growth through business management based on local potential and community participation.

BUMDes are business entities owned by the village and jointly managed by the village government and the community to improve the village economy. Through BUMDes, villages can develop various business activities that provide economic benefits for the community and increase village-generated revenue. BUMDes have various types of business activities that can be developed according to the economic potential of the village. These activities may include trading businesses, intermediary services, microfinance services, and business partnerships with other parties to develop village economic activities (Septiani, 2023).

In addition, BUMDes can also function as institutions that provide financial services to village communities through the provision of business capital for local business units. This aims to encourage the growth of community businesses and enhance village economic activities in a sustainable manner (Septiani, 2023). Safitri (2021), states that BUMDes play an important role in encouraging the economic growth of village communities and improving the welfare of residents. As a village economic institution, BUMDes functions as a medium to develop the economic potential of the community and strengthen the village economy in a sustainable manner.

According to Seyadi (in Safitri, 2021), BUMDes have several important roles in village economic development, including encouraging the development of the economic potential of village communities, improving the quality of life of the community, strengthening the village economy as part of the national economy, and increasing the income of village residents. Through the existence of BUMDes, villages are expected to manage their economic potential more optimally in order to create employment opportunities, increase community income, and strengthen village economic independence.

Work Productivity of Village-Owned Enterprises (BUMDes)

Work productivity is one of the important factors that determine the success of an organization in achieving its predetermined objectives. In general, productivity can be interpreted as the ratio between the output produced and the input used in the production process. Productivity is not only related to the quantity of output produced but also includes a mental attitude that encourages individuals to continuously improve performance through creativity, innovation, and the spirit of continuous improvement (Wijaya & Manurung, 2021).

Larasati (in Mahawati, *et al.*, 2021) states that work productivity is the ability of individuals to produce optimal output by utilizing available resources effectively and efficiently. Thus, productivity is not only related to the quantity of work results but also to the quality of the work produced (Mahawati, *et al.*, 2021). The measurement of work productivity can be carried out through two main approaches, namely physical productivity and value productivity. Physical productivity measures productivity based on physical variables such as the number of products produced or the working time used. Meanwhile, value productivity measures productivity based on the economic value of the output produced (Wijaya & Manurung, 2021).

Work productivity can also be assessed through several main indicators, such as work efficiency and the level of production achieved. Work efficiency is related to accuracy and discipline in carrying out tasks, while production is related to the work outcomes achieved by individuals or organizations (Wijaya & Manurung, 2021).

In addition, several factors can influence work productivity, including knowledge, skills, abilities, attitudes, and individual work behavior. The higher the level of knowledge and skills possessed by an individual, the greater the potential productivity that can be achieved in carrying out work activities (Nurfitriani, 2023). Work productivity is also influenced by factors such as job training, motivation, and the management systems implemented within the organization. Job training can improve individual capabilities in performing tasks, thereby contributing to increased overall work productivity (Nurfitriani, 2023). In the context of BUMDes, improving work productivity is essential to ensure that the business activities carried out can provide tangible contributions to increasing village income and improving community welfare. Therefore, effective financial management and appropriate business development strategies become important factors in improving the productivity of BUMDes enterprises.

RESEARCH METHOD

This study employs a qualitative approach using a case study method to gain an in-depth understanding of productivity-based financial management strategies of Village-Owned Enterprises (BUMDes) in a real-world context. A qualitative approach is appropriate as it allows the exploration of meanings, processes, and social dynamics that cannot be quantified (Nasution, 2023). The case study method enables a comprehensive examination of financial management practices within BUMDes in Kotabaru District, Karawang Regency. The study was conducted in several BUMDes in Kotabaru District, Karawang Regency, which were purposively selected based on variations in organizational characteristics and financial management practices. The research was carried out over approximately six months, including preparation, data collection, analysis, and reporting stages.

The study involved three key informants, selected using purposive sampling based on the following criteria: (1) direct involvement in BUMDes management or supervision, (2) in-depth knowledge of financial strategies and productivity practices, and (3)

experience in village-level assistance or policymaking related to BUMDes. The informants consisted of two village facilitators and one Head of the Community and Village Empowerment Section (Kasi PMD) at the district level. The number of informants was determined based on the principle of data saturation, where no new significant information emerged from additional data collection.

Data were collected through in-depth interviews, observation, and documentation. Semi-structured interviews were conducted to explore financial management strategies, productivity practices, and challenges faced by BUMDes (Sugiyono, 2018). Observations were carried out to understand real practices in financial management and operational activities (Nasution, 2023). Documentation analysis was used to support primary data, including financial reports, village regulations, and other relevant documents.

Data analysis followed the interactive model of Miles and Huberman, which consists of data reduction, data display, and conclusion drawing (Sugiyono, 2018). Operationally, the analysis involved a coding process, including: (1) open coding to identify initial themes, (2) axial coding to categorize data into key aspects such as financial strategies, productivity, and constraints, and (3) selective coding to establish relationships between categories and develop research findings. Data reduction involved selecting relevant information, data display was presented in descriptive narratives, and conclusions were drawn iteratively and continuously verified.

To ensure data validity, this study applied source triangulation and technique triangulation, by comparing information across informants and integrating data from interviews, observations, and documentation (Nasution, 2023). Additionally, member checking was conducted by confirming findings and interpretations with informants to ensure accuracy and reduce bias. These procedures enhance the credibility and trustworthiness of the research findings.

RESEARCH RESULTS

The findings of this study were derived from thematic analysis of data collected through in-depth interviews, field observations, and documentation across several Village-Owned Enterprises (BUMDes) in Kotabaru District, Karawang Regency. The analysis followed systematic coding procedures, including open coding, axial coding, and selective coding, which enabled the identification of structured and meaningful categories. Based on the analysis, three major themes emerged, representing the core focus of the study: (1) the implementation of financial management, (2) the productivity-based financial management approach, and (3) financial management strategies in improving BUMDes business productivity. These themes are interrelated and collectively provide a comprehensive understanding of financial management practices within BUMDes.

Implementation of BUMDes Financial Management in Kotabaru District, Karawang Regency

The findings indicate that financial management implementation in BUMDes has generally been carried out; however, it remains at a basic level and has not yet reflected a fully integrated and professional financial management system. The financial management process includes planning, execution, and recording, but these components are not yet systematically connected.

In the planning stage, most BUMDes prepare annual budgets as part of administrative requirements. However, these budgets are not based on business feasibility analysis, cash flow projections, or long-term investment planning. Financial planning tends to follow routine patterns rather than strategic considerations.

As stated by one informant:

“Financial planning is conducted every year, but it is mostly limited to operational needs. It has not yet reached a stage where business planning is calculated in detail.” (Informant 1)

In terms of implementation, financial resources are primarily allocated to support ongoing operations rather than business expansion or productivity enhancement.

“Most of the funds are used to sustain existing activities rather than to expand business units.” (Informant 2)

Regarding financial recording, most BUMDes maintain basic records; however, these are limited to simple cash inflows and outflows. There is no standardized accounting system or comprehensive financial reporting.

“Financial records exist, but they are still manual. Usually, only income and expenses are recorded, without complete financial statements.” (Informant 2)

This condition suggests that financial management implementation remains administrative in nature and does not yet fully support transparency, accountability, or data-driven decision-making.

Productivity-Based Financial Management Approach of BUMDes in Kotabaru District, Karawang Regency

The study reveals that a productivity-based financial management approach has not been systematically implemented in BUMDes. Financial management is still primarily oriented toward administrative accountability rather than being utilized as a strategic tool to enhance business productivity.

Ideally, a productivity-based approach should emphasize efficiency in resource allocation, optimization of village assets, and the generation of sustainable economic outputs. However, these aspects have not yet become central considerations in financial management practices.

As expressed by an informant:

“Financial management is still focused on how funds are used and reported, not yet on how it can improve business outcomes.” (Informant 3)

Furthermore, the utilization of village assets as productive resources remains suboptimal. Many local economic potentials have not been fully developed due to limitations in financial planning and management capacity.

“The village actually has a lot of potential, but not all of it can be developed due to limited management capacity.” (Informant 1)

Efficiency indicators are also not yet incorporated into financial decision-making processes.

“There are no specific indicators for efficiency or productivity. The main concern is that activities continue to run.” (Informant 2)

These findings indicate that the productivity-based financial management approach is still conceptual and has not yet been operationalized in practice.

Financial Management Strategies to Improve BUMDes Business Productivity in Kotabaru District, Karawang Regency

The financial management strategies applied by BUMDes to improve business productivity are still limited, informal, and largely reactive to existing conditions. Strategies are not formally documented and are often implemented based on situational needs rather than structured planning.

Some efforts have been made, such as allocating funds for business activities, utilizing local economic opportunities, and maintaining existing operations. However, these efforts are not supported by systematic financial analysis or structured performance evaluation.

As stated by an informant:

“Strategies exist, but they are not formally documented. Most of the time, they are implemented based on immediate needs in the field.” (Informant 2)

Human resource limitations are identified as a key constraint affecting the effectiveness of strategy implementation.

“If human resources had better financial knowledge, strategies could be developed more effectively. Currently, it is still quite limited.” (Informant 3)

The absence of regular financial performance evaluation also limits the ability of BUMDes to assess the effectiveness of their strategies.

“Evaluations are not conducted regularly, so it is difficult to determine whether the business is actually growing.” (Informant 1)

These findings suggest that financial management strategies have not yet been fully oriented toward sustainable productivity improvement.

Synthesis and Interrelationship of Findings

The three themes identified in this study are closely interconnected. Weak implementation of financial management directly affects the limited adoption of productivity-based approaches. In turn, the absence of a productivity-oriented approach results in ineffective and unstructured financial management strategies.

Human resource limitations emerge as a central factor influencing all aspects of financial management, including planning, recording, and strategy development. Therefore, improvements in financial management practices require a comprehensive approach that includes strengthening institutional capacity and human resource competencies.

Table 1. Summary of Research Findings

Theme	Key Findings	Issues	Impact	Implications
Financial Management Implementation	Implemented but not integrated	Basic planning & recording	Low accountability	Need integrated system
Productivity-Based Approach	Not systematically applied	No efficiency orientation	Low productivity	Need performance-based approach
Financial Management Strategy	Informal and reactive	No structured planning	Limited business growth	Need long-term strategy

Source: Own Compilation (2025)

DISCUSSION

Implementation of BUMDes Financial Management in Kotabaru District, Karawang Regency

The implementation of financial management in BUMDes in Kotabaru District generally fulfills basic financial management functions, including planning, execution, recording, and reporting. However, from a theoretical standpoint, these practices remain predominantly administrative and have not yet evolved into strategic managerial tools.

Financial management has not been fully utilized as a data-driven instrument for decision-making.

In modern financial management theory, financial functions extend beyond transaction recording to include analytical planning, budget control, and performance evaluation (Wijaya & Manurung, 2021). When these functions are not optimally implemented, financial information becomes less relevant for strategic decision-making. Consequently, financial management in BUMDes has not yet produced predictive or strategic insights. Furthermore, the lack of integration among financial functions indicates that the financial management system is not yet fully developed. Disconnected processes between planning, recording, and evaluation weaken organizational control over financial resources and limit the ability to identify efficiency opportunities. Therefore, strengthening system integration, improving financial information quality, and shifting from an administrative to a strategic approach are essential to enhance the effectiveness of financial management.

Productivity-Based Financial Management Approach of BUMDes in Kotabaru District, Karawang Regency

The productivity-based financial management approach reflects initial efforts to allocate financial resources toward value-generating activities. However, this approach has not yet been fully internalized across the financial management system, and productivity orientation has not become the primary basis for financial decision-making. Conceptually, a productivity-based approach emphasizes efficient resource utilization, asset optimization, and sustainable output generation. Financial management should therefore direct investments toward activities with high economic potential. However, the findings indicate that financial allocation is not yet consistently based on comprehensive feasibility analysis. This aligns with Lewaherilla *et al.* (2022), who highlight the challenges faced by BUMDes in integrating financial management with productivity-oriented business strategies. As a result, local economic potential remains underutilized, limiting the overall impact of BUMDes on rural economic development. Thus, strengthening productivity-based financial management requires integrating business planning, investment analysis, and performance-oriented financial control (Susilawati *et al.*, 2024).

Financial Management Strategies to Improve BUMDes Business Productivity in Kotabaru District, Karawang Regency

Financial management strategies aimed at improving productivity indicate an awareness of the importance of financial functions in business development. However, these strategies remain partial, unstructured, and lack long-term orientation. Strategically, financial management should support long-term organizational goals through investment planning, cash flow management, and continuous performance evaluation. However, current practices tend to be reactive and focused on short-term operational needs. This condition suggests that financial management has not yet been fully utilized as a tool for creating competitive advantage. In rural enterprises, sustainability depends heavily on strategic financial planning and adaptability to local economic dynamics. In addition, limited human resource capacity significantly constrains the development and implementation of financial strategies. As emphasized by Septriani *et al.* (2025), human resource quality is a key determinant of organizational success.

Moreover, the absence of strong institutional support, such as training, mentoring, and technical assistance, further limits the effectiveness of financial strategies. Therefore,

improving productivity requires not only internal improvements but also external support systems. In conclusion, strengthening financial management strategies requires long-term planning, capacity building, and the development of integrated and technology-based financial systems to support sustainable business growth (Efawati & Rinawati, 2026).

CONCLUSION

This study concludes that financial management practices in BUMDes in Kotabaru District, Karawang Regency have been implemented through planning, execution, recording, reporting, and accountability processes. However, these practices remain largely administrative and have not yet been fully integrated into a strategic framework that supports business productivity. This indicates that while procedural aspects of financial management have been fulfilled, their effectiveness in enhancing business performance remains limited. The productivity-based financial management approach has been directed toward allocating funds for productive activities, improving operational efficiency, and developing village business units. Nevertheless, its implementation is not yet optimal, primarily due to limited human resource capacity in managing financial resources strategically. This limitation affects the ability of BUMDes to fully utilize local economic potential to improve productivity.

Furthermore, financial management strategies aimed at improving productivity have been implemented through strengthening business-based budgeting, improving financial recording and reporting practices, and leveraging support from village government policies. However, these strategies are still constrained by limited managerial competencies and insufficient continuous mentoring. Overall, the financial management practices in BUMDes in Kotabaru District demonstrate a positive direction but require further strengthening in human resource capacity, financial management systems, and policy support to enhance productivity and sustainable contributions to rural economic development.

This study provides important theoretical and practical implications for the development of financial management practices in BUMDes. From a theoretical perspective, the findings reinforce the idea that financial management in community-based organizations should not be viewed merely as an administrative function, but rather as a strategic instrument that contributes to value creation and business performance improvement. Therefore, this study enriches the existing literature by integrating financial management and productivity concepts within the context of rural economic development. From a practical standpoint, the findings highlight that the performance of BUMDes is strongly influenced by the quality of financial management practices. Business-oriented financial planning, standardized recording systems, and structured financial strategies play a crucial role in enhancing productivity. Furthermore, improving human resource capacity through training and continuous mentoring is essential to support the effective implementation of financial management practices.

In terms of policy implications, the findings suggest that local governments need to shift their focus from general institutional support toward strengthening managerial and financial capacities. Policy interventions should be more targeted and aligned with local economic conditions to ensure that financial management practices can effectively support sustainable rural economic development. This study recommends integrated efforts to improve financial management practices in BUMDes. Local governments are expected to strengthen policy support by providing training programs, continuous mentoring, and facilitating access to financial resources. Meanwhile, BUMDes managers need to enhance their competencies in financial management and accounting to develop

more effective business planning, implement standardized financial recording systems, and conduct regular performance evaluations.

For future research, it is recommended to expand the scope of study to broader regions and employ quantitative or mixed-method approaches to examine the relationship between financial management and BUMDes performance more comprehensively. Further studies may also explore more effective and context-specific financial management models that align with the characteristics and potential of each village, thereby contributing to both theoretical development and practical application.

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