



The Role Of Strategic Management In Optimizing Governance And Business Development Of Village-Owned Enterprises In The Digital Era

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Abstract: Village-owned enterprises hold a strategic role in driving economic empowerment and improving the welfare of rural communities. In the digital era, Village-Owned Enterprises face new challenges and opportunities influencing their management and business development. Effective strategic management is a crucial element in optimizing governance and accelerating business growth. This article aims to explore the role of strategic management in overcoming various challenges and harnessing the potential of digitalization to enhance the performance of Village-Owned Enterprises. The study employs a qualitative approach, focusing on several Village-Owned Enterprises in Indonesia that have implemented digital technologies in their management and business development processes. The findings reveal that adopting management information systems (MIS) and using digital platforms, such as e-commerce and social media, have significantly improved operational efficiency and governance transparency and expanded Village-Owned Enterprises's market reach to national and international levels. The study also identifies significant challenges faced by Village-Owned Enterprises, including limited human resources with digital skills, uneven telecommunications infrastructure, and insufficient funding for technology investment. Without adequate support, many Village-Owned Enterprises struggle to adopt technology effectively. Additionally, low digital literacy among managers and rural community members impedes the successful implementation of digital strategies. Based on these findings, the study emphasizes the importance of cross-sector collaboration involving the government, private sector, and local communities to accelerate digital transformation in rural areas. This includes enhancing internet infrastructure, providing digital skills training, and facilitating access to financing for technology investments.

Keywords: Strategic Management, Governance, Business Development, Village-Owned Enterprises, Digital Era

INTRODUCTION

Village owned enterprises are one of the essential instruments in village economic development in Indonesia. As an institution managed by the village government and aims to improve the welfare of village communities, Village-Owned Enterprises have great potential to manage natural resources, improve the quality of local products, and open up business opportunities that can accelerate village economic growth. In recent years, Village-Owned



Enterprises have received more attention as one of the solutions to reduce economic inequality between villages and cities (Rizqi, 2019).

However, in this digital era, Village-Owned Enterprises face a new challenge: how to utilize technology to improve governance and develop more efficient and competitive businesses. Along with the rapid development of technology, Village-Owned Enterprises need to adapt to these changes to remain relevant and make maximum contributions to the development of the village economy. One way to achieve this is to implement the proper strategic management. Strategic management is an approach used to plan, implement, and evaluate policies that can lead an organization to achieve long-term goals. In the context of Village-Owned Enterprises, strategic management is essential to optimize the management of existing resources, increase transparency, and expand the potential of existing businesses by utilizing digital technology. With good strategic management, Village-Owned Enterprises can improve governance, identify new business opportunities, and introduce their products to a broader market (Rauf, 2016).

Research related to the role of strategic management in optimizing governance and business development of Village-Owned Enterprises in the digital era has been the focus of several previous studies. For example, a study conducted shows that digitalization can improve the efficiency and accountability of Village-Owned Enterprises' governance, but the lack of digital infrastructure is the main obstacle in remote areas (Sari et al., 2023). Meanwhile, highlights how the use of information technology can help Village-Owned Enterprises in managing financial data transparently, even though HR training is an aspect that needs to be considered for the success of its implementation (Sinarwati et al., 2023). In business development, examined the digital marketing strategies used by Village-Owned Enterprises to expand market access (Sanputra et al., 2024). However, they also found that competition on digital platforms requires continuous product innovation so Village-Owned Enterprises can compete effectively. These studies provide the basis for further studies on how strategic management can be more effectively integrated to address challenges and capitalize on digitalization opportunities in Village-Owned Enterprises [6].

The research *"The Role of Strategic Management in Optimizing Governance and Business Development of Village-Owned Enterprises in the Digital Era"* fills a significant research gap related to managing Village-Owned Enterprises in the digital transformation era. Most previous studies focused on implementing digital technology without delving deeply into how strategic



management can be integrated to optimize business governance and development. In addition, many studies take samples from villages with adequate internet infrastructure, so they are less representative of the challenges faced by Village-Owned Enterprises in remote areas with limited access to digital and human resources (HR). In business development, existing research is often practical and short-term oriented, without discussing sustainable strategies involving digital innovation, business diversification, and long-term planning. Furthermore, the role of external support, such as governments, the private sector, and donor agencies, in driving the adoption of digital technologies and management strategies has not been widely studied. In addition, although transparency and accountability are the main goals of governance, few studies have explored how implementing digital-based strategic management can increase public trust in Village-Owned Enterprises. This research seeks to answer these various gaps by offering a contextual, solution-oriented, and sustainable strategic approach to support the optimization of governance and business development of Village-Owned Enterprises in the digital era.

This research offers novelty by integrating a technology-based strategic approach to answer the challenges and opportunities faced by Village-Owned Enterprises in the digital era. This study emphasizes the importance of the role of strategic management in optimizing transparent and accountable governance and encouraging innovative business development through digital technology. In this context, the novelty lies in exploring relevant digital technology implementation strategies to overcome infrastructure constraints and human resource limitations so that Village-Owned Enterprises can increase competitiveness and efficiency and contribute to sustainable local economic development. This study aims to analyze the role of strategic management in optimizing governance and business development of Village-Owned Enterprises in the digital era. Specifically, this study will examine how implementing technology-based strategic management can improve the performance of Village-Owned Enterprises, as well as the challenges and opportunities faced in the implementation process.

METHOD

This research uses a qualitative approach with a case study (Miles & Huberman, 2014), design focused on several Village-Owned Enterprises that have implemented strategic management in their business management and governance. The study was carried out by selecting



Village-Owned Enterprises involved in developing digital technology-based businesses, both in the agricultural sector, creative industries, and other sectors. The data collection process is carried out by analyzing documents related to the financial statements of Village-Owned Enterprises, the training programs implemented, and the use of applied technology.

Data analysis was carried out using thematic analysis techniques. This analysis process involves identifying critical themes related to the implementation of strategic management, such as the use of digital technology in operations, good governance, and product and marketing innovation. The analysis results will illustrate existing patterns and provide a deeper understanding of the role of strategic management in managing Village-Owned Enterprises in the digital era.

RESULTS AND DISCUSSION

Result

Application of Technology in Governance

Most of the Village-Owned Enterprises that are the object of the study have shown significant progress in implementing information technology to improve governance efficiency. This step aligns with the government's efforts to encourage the digitalization of the village economy through various programs and technical assistance. Using the Management Information System (SIM) is one of the main breakthroughs in increasing transparency and accountability. For example, Village-Owned Enterprises that have adopted SIM can monitor finances, inventory, and transaction data more systematically. Based on a report by the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration (Kemendesa PDTT), the implementation of SIM in several Village-Owned Enterprises has allowed the preparation of financial statements that are more structured and following accounting standards. This transparency is essential to ensure that the funds managed are used appropriately and not misused so that public trust in the management of Village-Owned Enterprises can increase (Sidik, 2020).

In addition, web-based and mobile applications are increasingly popular among Village-Owned Enterprises engaged in the production and trading sectors. For example, some Village-Owned Enterprises have used web-based platforms to make it easier to manage products, record procurement of goods, and manage production schedules. With real-time monitoring features, Village-Owned Enterprise managers can monitor their business processes anywhere and anytime.



This allows for faster decision-making, such as adapting production to market demand or overcoming logistical constraints (Kinasih et al., 2020).

Tangible evidence of the application of information technology can be seen in the case study of Village-Owned Enterprises in Kulon Progo Regency, Yogyakarta, which managed to increase business revenue by up to 25% after integrating a digital-based system. The use of applications for marketing local products through e-commerce platforms has also expanded the reach of the market to the national and even international levels. With the adoption of this technology, Village-Owned Enterprises are not only transformed into more modern and professional entities but also able to become the main driver in encouraging digital-based village economic development. The sustainable implementation of information technology will be one of the keys to facing the challenges of the Industrial Revolution era 4.0 and ensuring the sustainability of Village-Owned Enterprises businesses in the future (Arindhawati & Utami, 2020).

Digital Marketing and Market Expansion

Digital marketing has become one of the most developed aspects of the operation of Village-Owned Enterprises in the digital era. This development aligns with the increasing internet penetration in rural areas, which, based on data from the Indonesian Internet Service Providers Association (APJII) in 2023, reached more than 60% in rural areas. This provides an excellent opportunity for Village-Owned Enterprises to leverage digital technology to expand the market and increase the competitiveness of their products (Haryaningsih et al., 2022)

Social media such as Facebook, Instagram, and WhatsApp have become the mainstay strategy for many Village-Owned Enterprises to market products. For example, Village-Owned Enterprises in Banyumas Regency, Central Java, which produces rattan-based handicrafts, increased its sales by up to 40% after leveraging Instagram to visually showcase products through creative content such as photos and short videos. Additionally, WhatsApp Business is used to communicate directly with customers, offer promotions, and take orders quickly and efficiently. Using E-commerce platforms such as Tokopedia, Bukalapak, and Shopee has also opened up more comprehensive market access for Village-Owned Enterprises nationally and internationally. For example, Village-Owned Enterprises in Malang Regency, which is engaged in agriculture, can now market processed coffee products to various regions in Indonesia through the Shopee platform. With secure payment features and integrated delivery, Village-Owned Enterprises' local products



can compete with other commercial products in the digital market (Nazhifah et al., 2023).

The advantage of digital marketing lies in its wider market reach and its cost efficiency. Compared to traditional marketing methods, such as participating in exhibitions or using print media, digital marketing requires a much lower cost. For example, the cost of advertising through Facebook Ads or Google Ads can be adjusted to your budget, even starting from a small nominal. In addition, social media allows Village-Owned Enterprises to interact directly with consumers. These interactions are essential to get valuable feedback to improve product quality while building customer loyalty. For example, Village-Owned Enterprises that sell processed food products such as cassava chips can use Instagram Stories to conduct taste surveys or offer special discounts for loyal customers, thus creating a closer relationship between business actors and consumers (Herman et al., 2023).

Tangible evidence of the success of digital marketing can also be seen in the "Village-Owned Enterprises Go Digital" program initiated by the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration (Kemendesa PD TT). This program encourages the digitalization of Village-Owned Enterprises' operations, including digital marketing training for managers. In the Ministry of Villages PD TT report, it is stated that more than 70% of Village-Owned Enterprises participating in this program experienced an average sales increase of 30% in the first six months. By making optimal use of social media and e-commerce platforms, Village-Owned Enterprises can reach a wider range of consumers and create a more modern and professional business image. This transformation is an important step in supporting digital-based village economic development and strengthening the role of Village-Owned Enterprises as the driving force of the people's economy (Juwita & Mahmudah, 2021).

Human Resource Development (HRD)

Limited digital knowledge and skills are one of the main obstacles faced by managers of Village-Owned Enterprises in the digital era. Most managers are unfamiliar with modern technology, so adopting digitalization is often slow. This is reinforced by a report by the Central Statistics Agency (BPS) in 2022, which shows that the level of digital literacy in rural areas is 30% lower than in urban areas. This gap is an obstacle in optimizing technology for business management at the village level. To overcome these challenges, many Village-Owned Enterprises have started to hold digital skills training to increase the capacity of human resources. This training



includes using financial management applications, digital marketing strategies, and technology-based inventory management. One example of a successful program is the "Digitalization of Village-Owned Enterprises" training initiated by the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration (Kemendesa PDTT) in collaboration with local universities. This program has reached hundreds of Village-Owned Enterprises managers in various regions of Indonesia (Ferdiansyah & Said, 2022).

Village-owned enterprises that successfully implemented the results of digital training showed a significant performance improvement. For example, Village-Owned Enterprises in Kulon Progo, Yogyakarta, use a web-based financial management application. These innovations help them record transactions more accurately, speed up the financial reporting process, and increase transparency in fund management. As a result, public trust in village fund management has also increased. Digital training also has an impact on operational efficiency. Inventory management applications, for example, allow managers to record incoming and outgoing goods automatically. In Sragen Regency, Central Java, this application has reduced recording errors by up to 25% and accelerated decision-making related to the need to procure goods. This efficiency is an essential factor in increasing Village-Owned Enterprises' productivity (Lestariani et al., 2024).

Digital skills also open up new opportunities in marketing. Village-owned enterprises that utilize social media such as Instagram and e-commerce platforms such as Shopee can expand their markets beyond the village. For example, Village-Owned Enterprises in Malang, which produces cassava chips, managed to increase turnover by up to 50% in the first six months through marketing on Tokopedia. This strategy increases income and introduces local village products to the national market. Mastery of digital technology provides an additional advantage in building relationships with customers. Social media allows Village-Owned Enterprises to interact directly with consumers, get feedback, and build loyalty. For example, Village-Owned Enterprises in Banyumas use Instagram Stories to survey their product tastes, helping to tailor products to market preferences. This step strengthens customer engagement while increasing business competitiveness (Susilo et al., 2023).

While digital training has a positive impact, its sustainability faces challenges, especially regarding funding. Many Village-Owned Enterprises rely on government assistance or donors to



carry out training, making it difficult to maintain program continuity. The 2023 Ministry of Villages PDPT report notes that only about 40% of Village-Owned Enterprises have an independent budget for sustainable training. This challenge needs to be overcome so that the benefits of digitalization can be felt widely. The success of digital training in Village-Owned Enterprises shows excellent potential in encouraging technology-based village transformation. With the support of appropriate regulations and collaboration between the government, the private sector, and educational institutions, the digitization of Village-Owned Enterprises can accelerate the development of the village economy. This step improves business efficiency and reduces the digital divide between villages and cities, so Village-Owned Enterprises can play a key role in realizing the concept of smart villages in Indonesia (Langga & Hyron, 2024).

Challenges Faced

The application of digital technology does bring many benefits to Village-Owned Enterprises, but the challenges in the implementation process cannot be ignored. One of the main obstacles is limited internet access, especially in remote areas. Although the government continues to strive to improve digital infrastructure through programs such as the Palapa Ring, the reality is that there are still many villages that do not have internet access with adequate speed. The 2023 Ministry of Communication and Information Technology report shows that more than 20% of rural areas in Indonesia still experience limited stable internet access, which hinders the digitalization process of Village-Owned Enterprises. This limited internet access directly impacts Village-Owned Enterprises' ability to utilize technology. For example, some Village-Owned Enterprises in Papua and East Nusa Tenggara reported difficulties using digital management platforms due to slow or unstable connections. As a result, systems that are supposed to help improve efficiency become ineffective. This shows that strengthening digital infrastructure in rural areas must be a priority so that technology can be implemented evenly (Wardana et al., 2022).

In addition to internet problems, limited funds are a big challenge in digitizing Village-Owned Enterprises. Many Village-Owned Enterprises rely on income from small and medium-sized businesses, making allocating budgets for technology investments difficult. Based on the 2022 Village Finance Management Agency report, only about 35% of Village-Owned Enterprises have a particular budget for digitalization, while the rest depend on government assistance or private partners. Procuring hardware and software and training for human resources (HR) is



challenging without adequate funding. Investment in digital training is also an obstacle in itself. Many managers of Village-Owned Enterprises require training to operate applications or digital devices. However, such training requires considerable costs, including bringing in instructors and organizing activities in the village. For example, a Village-Owned Enterprise in Central Kalimantan reported needing at least Rp50 million to implement a basic technology training program for 20 managers. These costs are difficult to reach without external assistance (Nistrina et al., 2023)

Cost resistance to change is not the only challenge. Some managers of Village-Owned Enterprises, especially older ones, are skeptical of modern technology. They tend to feel comfortable with manual systems they already understand, making it difficult to accept changes toward digitalization. A study from Gadjah Mada University in 2023 noted that more than 40% of managers of Village-Owned Enterprises expressed discomfort in using new technology, especially those that require intensive learning. In addition, the lack of assistance in the technology implementation process also exacerbates the situation. Many Village-Owned Enterprises adopt technology without being accompanied by experts or consultants, so they often face technical difficulties. For example, Village-Owned Enterprises in South Sulawesi, which adopted digital financial applications, reported problems integrating old data into new systems. Without adequate guidance, the digitization process becomes slower and sometimes does not achieve the desired results. Although the challenge is considerable, several efforts have been made to overcome it. Through the Ministry of Villages and Rural Development and partners such as Telkom Indonesia, the government began to provide free internet access in several villages and offer online digital training. These measures show positive results, although their coverage is still limited. For example, the Digital Village program in Central Java has succeeded in increasing the digital capacity of Village-Owned Enterprises in more than 50 villages in the last two years.

A more comprehensive approach is needed to ensure the success of digitalization across Village-Owned Enterprises. Governments, the private sector, and educational institutions must work together to build digital infrastructure, provide funding, and provide ongoing training. With these measures, existing barriers can be minimized so that Village-Owned Enterprises can make the most of technology to increase their productivity and competitiveness (Dewi, 2014).

Discussion



Based on the research results, it can be concluded that strategic management has a significant role in improving the governance and business development of Village-Owned Enterprises, especially in facing challenges and opportunities in the digital era. On the one hand, implementing technology-based strategic management can improve operational efficiency and facilitate faster and more precise decision-making. On the other hand, the application of technology in Village-Owned Enterprises requires a deep understanding of the potential of technology and how to use it to the fullest.

Strategic Management in Improving Governance

Implementing a management information system (SIM) is one of the strategic steps that can encourage improving operational efficiency and governance in Village-Owned Enterprises. Through SIM, Village-Owned Enterprises can manage various aspects of their business in a more structured manner, from finance to inventory management. Financially managed transparently through the SIM not only increases accountability but also builds public trust in the management of village funds. When communities believe funds are being used appropriately, their participation in supporting Village-Owned Enterprises programs increases. Using a SIM also makes it easy to monitor the stock of goods, the ordering process, and production in real time. This system allows for faster, data-driven decision-making, allowing managers to respond to market demand more effectively. For example, several Village-Owned Enterprises engaged in the agricultural sector have used SIM cards to monitor the distribution of crops, ensure product availability, and reduce the risk of stock shortages. This move improves efficiency and helps increase local products' competitiveness in the broader market (Sanputra, 2024).

However, implementing driver's licenses in Village-Owned Enterprises is not free from challenges. Limitations in infrastructure, especially internet access in remote areas, are the main obstacles. Based on data from the Ministry of Communication and Information in 2023, around 20% of villages in Indonesia are still having difficulty getting a stable internet connection. This makes some SIM features unable to operate optimally. In addition, the procurement of hardware and software to support driver's licenses is often constrained by the budget constraints of Village-Owned Enterprises, especially those in low-income areas. Another obstacle that arises is the lack of technological skills among the managers of Village-Owned Enterprises. Many managers are unfamiliar with digital technology, so the SIM adoption process requires intensive training. Several



initiatives have been carried out to overcome this, such as a digital training program by the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration (Kemendesa PDRT). This program aims to increase the human resources capacity of Village-Owned Enterprises so that SIM can be utilized optimally. However, the scope of this program is still limited and needs to be expanded to reach more villages (Lake et al., 2024).

For the implementation of driver's licenses to run optimally, support from the government and the private sector is vital. The government can accelerate the development of digital infrastructure in remote villages and provide subsidies for technology procurement. Meanwhile, the private sector can play a role through partnerships with Village-Owned Enterprises, such as providing more affordable SIM services or ongoing technology training. With strong collaboration, existing challenges can be overcome so that SIM can be a driving force for transforming Village-Owned Enterprises towards more modern and effective management.

Digital Marketing and Access to Global Markets

Digital marketing is now a very effective strategy for Village-Owned Enterprises to introduce their products to a broader market. Based on the research results, many Village-Owned Enterprises in Indonesia have begun to utilize e-commerce platforms such as Tokopedia, Shopee, and Bukalapak, as well as social media such as Instagram, Facebook, and WhatsApp, to market their products. The platform allows Village-Owned Enterprises to access consumers outside of their local territories, even to international markets, which were previously difficult to reach with traditional marketing methods. The sale of local products through digital marketing increases the revenue of Village-Owned Enterprises and helps introduce the advantages of local products to a larger audience. Based on data from the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration (Kemendesa PDRT), as many as 35% of Village-Owned Enterprises throughout Indonesia have adopted digital technology in their marketing activities. One successful example is Village-Owned Enterprises in West Java, which markets handicraft products and specialty foods through Instagram and Tokopedia and increases revenue by up to 40% within one year. This shows that digital marketing has great potential in helping Village-Owned Enterprises expand their market reach and improve business performance (Devi & Utomo, 2024).

However, behind these benefits, digital marketing also brings significant challenges. One of the main challenges is the increasingly fierce competition in cyberspace. Village-owned



enterprises starting in digital marketing must compete with other businesses, including large corporations and imported products, which also utilize digital media to reach consumers. Data from the Indonesian e-Commerce Association (idEA) reveals that more than 50 million businesses in Indonesia have been registered on e-commerce platforms, creating highly competitive competition. To stand out, Village-Owned Enterprises needs to implement a more planned marketing strategy, including clear product differentiation, consistent branding, and effective promotions to attract consumers' attention (Erwin & Amri, 2024).

In addition to marketing strategies, Village-Owned Enterprise managers must manage feedback and customer interaction effectively. Social media, while a potent tool, also requires skills in managing communication with customers. Good interactions can help build customer loyalty, crucial in retaining consumers and creating a solid customer base. According to a report from Nielsen, about 62% of consumers are more likely to buy products from brands that interact actively and respond quickly to their questions or complaints. Village-owned enterprises that can manage these interactions well will be better able to build customer trust and loyalty. However, the biggest challenge in digital marketing for Village-Owned Enterprises is limited internet access in some areas. According to a report by the Ministry of Communication and Informatics, around 40% of villages in Indonesia still face slow or unstable internet connectivity constraints. This makes it difficult for some Village-Owned Enterprises to take advantage of the potential of digital marketing optimally. Without adequate connectivity, marketing processes, social media management, and e-commerce transactions become limited, reducing the competitiveness of Village-Owned Enterprises in the digital market. Therefore, improving telecommunication infrastructure in remote areas is essential for Village-Owned Enterprises to thrive (Talalu et al., 2021).

The government and the private sector need to work together to strengthen telecommunications infrastructure and provide more comprehensive internet access in underdeveloped areas. Digital infrastructure development programs, such as the Palapa Ring and the provision of free Wi-Fi in villages, can be a significant first step. With these measures, Village-Owned Enterprises will have a greater opportunity to develop digital marketing strategies effectively and compete in the broader market. Better infrastructure will open up new potential for Village-Owned Enterprises to make the most of digital technology and accelerate local economic growth at the village level (Novitasari, 2023).



Training and Development of Human Resources in the Digital Era

One of the significant challenges in implementing technology-based strategic management is the low level of digital literacy among the managers of Village-Owned Enterprises and the village community in general. Although many villages have introduced digital technology in their business activities, the managers of Village-Owned Enterprises often do not have enough skills or knowledge to make the most of the technology. Improving the efficiency and effectiveness of Village-Owned Enterprises' operations is a challenge. To overcome this problem, training and development of human resources (HR) is essential. Several Village-Owned Enterprises have implemented technology-based strategic management and continuously organized digital training (Anggoro et al., 2023).

This training is not only limited to the managers of Village-Owned Enterprises but also involves village communities that can be involved in business operations. These trainings include using management applications, digital marketing skills, and training on managing businesses more effectively using technology. However, these trainings require considerable funds and the involvement of various parties- the government, the private sector, and educational institutions. Without adequate support, this training can be limited and less effective. Therefore, cooperation between various parties to provide relevant training and easier access to information is essential for the successful digitalization of Village-Owned Enterprises (Maulana et al., 2022).

Infrastructure and Financing Challenges

One of the biggest obstacles in implementing digital-based strategic management in Village-Owned Enterprises is the limitation of infrastructure, which hinders the maximum utilization of technology. Although the government has launched various programs to accelerate the development of digital infrastructure, such as the Palapa Ring project, which aims to expand the internet network to remote areas, the reality is that many villages still experience difficulties accessing fast and stable internet connections (Rumbino et al., 2022)

Based on data from the Ministry of Communication and Informatics, around 40% of regions in Indonesia are still experiencing problems in terms of network quality and internet speed, which significantly affects the ability of Village-Owned Enterprises to implement digital systems effectively. In addition to connectivity issues, limited funds are a significant challenge in adopting digital technology in Village-Owned Enterprises. Most Village-Owned Enterprises rely on limited



village funds, often more focused on basic needs such as physical infrastructure and social programs. The procurement of hardware and software for digitalization, as well as training for human resources, requires considerable investment. For example, a village-owned enterprise in Central Java reported that they had difficulty purchasing adequate computer equipment and management software to support their business activities due to insufficient village funds (Oktariyanda et al., 2021).

This condition makes many Village-Owned Enterprises prioritize urgent needs over investment in technology. As a result, they are hampered in utilizing technology to improve operational efficiency and effectiveness. Implementing the management information system (SIM), which can help Village-Owned Enterprises manage finances and inventory transparently and accountable, has been delayed due to budget constraints. In other cases, Village-Owned Enterprises can only afford to use outdated devices and inadequate applications, reducing their potential to compete in an increasingly digital market (Pradana et al., 2023).

To overcome this problem, financing support from the government and the private sector is urgently needed. Several initiatives have already begun to be implemented, such as a technology assistance program from the Ministry of Villages that provides grants for the purchase of hardware and human resource training in villages that have the potential to develop businesses. In addition, collaboration with the private sector, including technology companies and internet service providers, can also help accelerate the digitalization of Village-Owned Enterprises. Partnership programs between Village-Owned Enterprises and technology companies can create more affordable and sustainable solutions, such as providing devices at more economical prices and access to free digital training. This improved infrastructure and financing support will help Village-Owned Enterprises implement digital technology and strengthen their competitiveness in an increasingly competitive market. With adequate access to technology, Village-Owned Enterprises can manage their businesses more efficiently, utilize digital marketing, and optimize resource management. This, in turn, will increase income and empower the local economy in the village so that Village-Owned Enterprises become productive business managers and agents of change that play an essential role in sustainable economic development at the village level (Wahyudin et al., 2024).



CONCLUSION

Strategic management plays a vital role in optimizing the governance and business development of Village-Owned Enterprises in the digital era. The application of digital technology in business management and governance of Village-Owned Enterprises has been proven to improve operational efficiency, expand markets, and increase transparency and accountability. However, the application of this technology is inseparable from challenges, such as limited infrastructure, limited internet access, and low digital literacy among the managers of Village-Owned Enterprises.

To address these challenges, more excellent support is needed from various parties, including governments, the private sector, and educational institutions, to provide adequate training and infrastructure. In addition, Village-Owned Enterprises must also have a clear strategy for utilizing digital technology, from financial management to product marketing. With the right support and the implementation of technology-based strategic management, Village-Owned Enterprises can improve competitiveness and significantly contribute to the economic development of villages and countries

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