

Performance Analysis of Village Owned Enterprise Development Strategy in North Toraja Regency

*Performance Analysis
and Development
Strategy*

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ABSTRACT

Village development is essential for enhancing community welfare and fostering economic independence in rural areas, yet many village-owned enterprises face operational challenges that hinder their sustainability. This study aims to analyze the development strategy of the Lembang-Owned Enterprise Maju Bersama in Lembang Sa'dan Ulusalu, Sa'dan District, North Toraja Regency, to support sustainable rural growth. A qualitative descriptive approach was employed, utilizing interviews, direct observations and document analysis. The findings reveal that the Lembang-Owned Enterprise benefits from a strong legal foundation and addresses community needs through its kiosk operations. However, weaknesses such as limited managerial skills, poor inventory management, and uncirculated capital due to unpaid loans impede progress. Opportunities include supportive government regulations and the region's agricultural potential, while threats encompass low community participation and competition from external vendors. The study concludes that a Weakness-Opportunity strategy, focusing on capacity building and leveraging local resources, is critical for enhancing the enterprise's performance. This research provides practical recommendations for improving managerial skills, community engagement, and partnerships to ensure the sustainability of village-owned enterprises in similar rural contexts.

Keywords: Community Empowerment, Rural Development Strategy, SWOT Analysis, Village-Owned Enterprise.

ABSTRAK

Pembangunan desa sangat penting untuk meningkatkan kesejahteraan masyarakat dan menumbuhkan kemandirian ekonomi di daerah pedesaan, namun banyak badan usaha milik desa menghadapi tantangan operasional yang menghambat keberlanjutannya. Studi ini bertujuan untuk menganalisis strategi pengembangan Badan Usaha Milik Desa (BUMDesa) Maju Bersama di Lembang Sa'dan Ulusalu, Kecamatan Sa'dan, Kabupaten Toraja Utara, untuk mendukung pertumbuhan pedesaan yang berkelanjutan. Pendekatan deskriptif kualitatif digunakan, memanfaatkan wawancara, observasi langsung, dan analisis dokumen. Temuan penelitian menunjukkan bahwa BUMDesa Lembang memiliki landasan hukum yang kuat dan mampu memenuhi kebutuhan masyarakat melalui operasional kiosnya. Namun, kelemahan seperti keterbatasan keterampilan manajerial, manajemen inventaris yang buruk, dan modal yang tidak beredar akibat pinjaman yang belum dibayar menghambat kemajuan. Peluang meliputi peraturan

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pemerintah yang mendukung dan potensi pertanian di wilayah tersebut, sementara ancaman meliputi rendahnya partisipasi masyarakat dan persaingan dari vendor eksternal. Studi ini menyimpulkan bahwa strategi Kelemahan-Peluang, yang berfokus pada pengembangan kapasitas dan pemanfaatan sumber daya lokal, sangat penting untuk meningkatkan kinerja badan usaha. Penelitian ini memberikan rekomendasi praktis untuk meningkatkan keterampilan manajerial, keterlibatan masyarakat, dan kemitraan guna memastikan keberlanjutan badan usaha milik desa dalam konteks pedesaan yang serupa.

Kata Kunci: Pemberdayaan Masyarakat, Strategi Pembangunan Pedesaan, Analisis SWOT, Badan Usaha Milik Desa.

INTRODUCTION

Village development serves as the cornerstone of national development, aiming to enhance community welfare and foster economic independence at the local level. In Indonesia, rural areas play a critical role in achieving sustainable development, as they house a significant portion of the population and contribute to the nation's economic foundation. The essence of national development lies in empowering villages to independently manage their resources and implement development initiatives that address local needs. According to Hayyuna et al. (2014), effective village development strategies prioritize economic growth by leveraging local potential to increase community purchasing power. Similarly, Sirejeki (2018) and Ridhowati (2024) emphasizes that village-owned enterprises (*Badan Usaha Milik Desa*/BUMDes) are pivotal in strengthening rural economies by providing accessible economic services. However, despite various government programs aimed at rural economic development, many villages struggle to achieve self-sufficiency due to limited managerial capacity and over-reliance on external funding (Dharmawan, 2006; Akbar, 2017).

The Indonesian government has implemented policies to promote village economic independence, notably through Law No. 6 of 2014 concerning Villages and the Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration No. 4 of 2015. These regulations mandate the establishment of Village-Owned Enterprises (BUMDes), known as Lembang Owned Enterprises (*Badan Usaha Milik Lembang*/BUMLem) in North Toraja Regency, to drive local economic growth. According to Rahayu et al. (2024), BUMDes are designed to harness village assets and potential to create sustainable businesses that serve community needs. In North Toraja Regency, the local government reinforced this policy through Regional Regulation No. 8 of 2014, requiring each Lembang to form a BUMLem and allocate up to 10% of the Lembang Fund as capital. Despite these efforts, many BUMLems face challenges in operationalizing their businesses effectively. For instance, Sofyani et al. (2019) note that inadequate managerial skills and lack of market analysis often hinder BUMDes performance across Indonesia, a gap also evident in North Toraja's BUMLems.

The research gap lies in the limited understanding of strategic development approaches tailored to BUMLems in specific cultural and geographic contexts like North Toraja Regency. According to Hayyuna et al. (2014), while BUMDes asset management can significantly boost village income, studies often focus on general operational challenges without addressing localized strategies, such as those needed for BUMLem Maju Bersama in Lembang Sa'dan Uluvalu. Similarly, Abbas et al. (2024) highlight that existing research on BUMDes rarely explores the application of SWOT analysis to formulate context-specific development strategies. This gap is critical in North Toraja, where BUMLems, such as Maju Bersama, struggle with issues like stagnant capital due to credit-based operations and limited marketing networks, as observed in preliminary interviews with local officials. These challenges indicate a need for a strategic framework that aligns BUMLem operations with local potential, such as agricultural resources, to enhance sustainability and community participation.

The BUMLem Maju Bersama in Lembang Sa'dan Ulusalu, established in 2018, exemplifies these challenges. Initially set up to operate kiosks selling essential commodities to address the community's limited access to goods, the BUMLem has not progressed significantly. The business model, intended to reduce the high costs of obtaining essentials due to limited transportation, has instead functioned like a credit bank, with capital of IDR 35,000,000 remaining uncirculated due to unpaid loans. According to Fitriani et al. (2024), such operational inefficiencies in BUMDes often stem from a lack of strategic planning and community engagement, a pattern observed in Sa'dan Ulusalu. This study aims to address this gap by analyzing the development strategy of BUMLem Maju Bersama in Lembang Sa'dan Ulusalu, North Toraja Regency, using a SWOT analysis to identify internal and external factors and propose actionable strategies for sustainable growth. By doing so, the research seeks to contribute to the literature on rural economic development and provide practical recommendations for enhancing BUMLem performance in similar contexts.

The objectives of this study are twofold. First, it seeks to identify the internal strengths and weaknesses, as well as external opportunities and threats, affecting BUMLem Maju Bersama's performance. Second, it aims to formulate a development strategy that leverages these factors to optimize BUMLem operations and enhance community welfare in Lembang Sa'dan Ulusalu. This research draws on institutional economics principles, as outlined by Rutherford (2001) and Prasad (2003), to frame BUMLem as a socio-economic institution that balances commercial and social objectives. Additionally, it builds on the capability approach by Martins (2011) to emphasize community empowerment through localized economic initiatives. By addressing the specific challenges faced by BUMLem Maju Bersama, this study contributes to a deeper understanding of how strategic interventions can transform village-owned enterprises into sustainable drivers of rural development.

LITERATURE REVIEW

Village-Owned Enterprises and Rural Economic Development

Village-owned enterprises, known as BUMDes in Indonesia or BUMLem in North Toraja Regency, are critical mechanisms for fostering rural economic development by leveraging local resources to meet community needs. According to Hayyuna et al. (2014), BUMDes play a pivotal role in enhancing village income through strategic asset management, enabling communities to address economic challenges independently. This aligns with the broader objective of rural development, which seeks to improve community welfare by increasing purchasing power and reducing dependency on external funding (Badal, 2017). For instance, BUMDes often operate businesses such as village markets or cooperatives to provide essential goods, as seen in the case of BUMLem Maju Bersama in Lembang Sa'dan Ulusalu. However, Triyono (2025) argue that the success of BUMDes depends on effective governance and alignment with local potential, such as agriculture in rural areas.

In North Toraja, the establishment of BUMLem is supported by Law No. 6 of 2014 and Regional Regulation No. 8 of 2014, which mandate capital allocation to foster economic self-sufficiency (Akbar, 2017). Despite these policies, many BUMDes face operational challenges, including limited capital and managerial expertise, which hinder their ability to sustain economic activities (Ghofar et al., 2022). Institutional economics provides a theoretical lens for understanding BUMDes as socio-economic entities that balance commercial and social objectives, as highlighted by Prasad (2003). This framework underscores the need for robust institutional structures to ensure BUMDes sustainability. Similarly, Udijanto et al. (2021) emphasize that village funds, while crucial, must be complemented by strategic planning to maximize economic impact. These insights suggest that BUMLem development requires a tailored approach that considers local socio-economic conditions.

SWOT Analysis as a Strategic Planning Tool

SWOT analysis is widely used to formulate development strategies for organizations, including village-owned enterprises, by identifying internal strengths and weaknesses alongside external opportunities and threats. According to Jatmiko et al. (2021), SWOT analysis enables rural enterprises to align their operations with market demands and regulatory support, thereby enhancing competitiveness. This approach is particularly relevant for BUMDes, which operate in resource-constrained environments with unique socio-cultural dynamics. For instance, Umiyati et al. (2023) demonstrate that SWOT analysis helps BUMDes identify agricultural potential as a key opportunity, a factor also relevant in Lembang Sa'dan Ulusalu, where agriculture is a dominant economic activity. However, the effectiveness of SWOT analysis depends on accurate data collection and stakeholder involvement, as noted by Phadermrod et al. (2019).

In the context of BUMDes, weaknesses such as inadequate managerial skills and limited marketing networks often impede progress, a finding echoed by Sinarwati et al. (2021). External threats, such as low community participation, further complicate development efforts, as highlighted by Mansuri and Rao (2013). Rutherford (2001) argues that strategic planning tools like SWOT must be adapted to local institutional contexts to be effective, emphasizing the role of community engagement in rural settings. Similarly, Salim et al. (2025) suggest that SWOT-based strategies should prioritize capacity building to address internal weaknesses. These studies underscore the applicability of SWOT analysis to BUMDes, particularly in formulating strategies that leverage regulatory support and local potential while mitigating operational challenges.

Community Empowerment and Sustainable Rural Development

Community empowerment is central to sustainable rural development, particularly through initiatives like BUMDes or BUMDes that aim to enhance local economic capacity. According to Martins (2011), the capability approach emphasizes empowering communities by providing access to resources and opportunities, which aligns with the objectives of BUMDes in North Toraja. For instance, Purbandini et al. (2024) argue that BUMDes empower communities by creating income-generating activities, such as kiosks selling essential goods, as implemented by BUMDes Maju Bersama. However, Prihartini and Choiriyah (2024) note that limited community participation often undermines BUMDes sustainability, a challenge observed in Lembang Sa'dan Ulusalu.

Dharmawan (2006) highlights that rural development must integrate social and economic dimensions to achieve long-term impact, suggesting that BUMDes should involve community stakeholders in decision-making processes. Furthermore, Osipov et al. (2020) emphasize the importance of training programs to enhance managerial and financial skills, which are critical for BUMDes success. Community empowerment also requires collaboration with external stakeholders, such as private companies and government agencies, to expand market access and resources, as noted by Harinurdin et al. (2025). These findings indicate that sustainable BUMDes development in North Toraja must prioritize community engagement, capacity building, and strategic partnerships to overcome operational and external challenges.

RESEARCH METHOD

This study employs a qualitative descriptive research approach to explore the development strategy of BUMDes Maju Bersama in Lembang Sa'dan Ulusalu, Sa'dan District, North Toraja Regency. The qualitative method was selected to provide an in-depth understanding of the internal and external factors influencing BUMDes performance, as well as to formulate context-specific strategies for sustainable growth. According to Creswell (2010), qualitative research is well-suited for examining complex social phenomena within their natural settings, allowing researchers to capture nuanced perspectives from stakeholders. Data were collected through semi-structured interviews, direct observations, and document analysis to ensure a comprehensive exploration of the

BUMLem's operations and challenges. This approach aligns with the need to describe the strategic dynamics of BUMLem in a rural context, as emphasized by Emzir (2010).

Primary data were gathered from informants, conducted to elicit insights into the BUMLem's strengths, weaknesses, opportunities, and threats, with questions focusing on operational challenges, community participation, and local economic potential. Observations were carried out at the BUMLem's kiosk to assess its daily operations, customer interactions, and inventory management. Secondary data were obtained from official documents, such as the BUMLem's financial reports, Lembang government records, and North Toraja Regency's regulations, to provide contextual background and validate primary findings. Muhadjir (2002) highlights that combining primary and secondary data enhances the reliability of qualitative research by providing multiple perspectives on the same phenomenon.

The data analysis utilized a SWOT framework to systematically identify internal strengths and weaknesses, as well as external opportunities and threats, affecting BUMLem Maju Bersama. The process began with data reduction, where interview transcripts and observation notes were coded to identify recurring themes, such as managerial capacity or community engagement. These themes were then categorized into SWOT components through iterative discussions among the research team, ensuring consensus on key factors. According to Cisilino and Monteleone (2020), SWOT analysis is effective for strategic planning in rural enterprises, as it translates qualitative insights into actionable strategies. To enhance validity, data triangulation was employed by cross-referencing interview responses with observation findings and documentary evidence, as suggested by Masuwai et al. (2025). For instance, claims about low community participation were verified through attendance records at BUMLem meetings. This rigorous approach ensured that the proposed development strategies were grounded in robust empirical evidence, tailored to the unique socio-economic context of Lembang Sa'dan Ulusalu.

RESULTS

This study aimed to identify the internal and external factors affecting the development of BUMLem "Maju Bersama" in Lembang Sa'dan Ulusalu. The analysis was carried out comprehensively by mapping the strengths and weaknesses as internal factors, and the opportunities and threats as external factors. According to Benzaghta et al. (2021), SWOT analysis is effective for evaluating rural enterprises by providing a structured framework for strategic planning. The results of this analysis are critical to formulating effective development strategies. Based on the identification, several key findings emerged.

The internal assessment revealed that BUMLem "Maju Bersama" possesses considerable strengths that support its existence and operational sustainability. Firstly, the establishment of BUMLem is legally strong, as it was founded under the Law of the Republic of Indonesia Number 6 of 2014 concerning Villages. According to Hayyuna et al. (2014), such legal foundations ensure institutional stability for village-owned enterprises. This legality provides a robust foundation for institutional activities and guarantees long-term continuity. Secondly, the formation of BUMLem was achieved through extensive community consultations involving the Lembang Sa'dan Ulusalu Government, the Sa'dan District administration, the North Toraja Regency Government, and various stakeholders. This participatory approach ensures strong local legitimacy and acceptance, as highlighted by Nederhand and Edelenbos (2023). Thirdly, BUMLem manages a business portfolio that primarily focuses on fulfilling the community's basic needs, thereby enjoying a sizable market potential, given that in 2017 alone, Lembang Sa'dan Ulusalu had 329 households. Moreover, BUMLem benefits from physical facilities and infrastructure provided by the Lembang Sa'dan Ulusalu Government, which significantly eases its operational burden, a factor critical for rural enterprise success.

However, the study also identified several notable weaknesses that hinder BUMLem's optimal performance. One prominent issue is the lack of prioritization in funding from both the Lembang Sa'dan Ulusalu Government and the North Toraja Regency

Government, which has resulted in limited working capital. According to Gursida et al. (2023), insufficient funding is a common barrier to BUMDes sustainability. Additionally, the capacity of BUMLem’s management, particularly in administration and financial management, remains insufficient. This is compounded by inadequate business capital, weak managerial performance in business development, the absence of effective promotional and informational media, and the lack of an established marketing network. These internal constraints collectively pose serious challenges to the enterprise’s growth trajectory, as also observed by Nurdiana (2024).

The external environment analysis demonstrated that BUMLem “Maju Bersama” operates within a context rich with opportunities. Regulatory support from regional and central governments stands out as a key enabling factor. Furthermore, the large resident population presents a vast consumer base for BUMLem products. The geographical area and agricultural potential of Lembang Sa’dan Ulusalu are also highly promising for business diversification. Increased purchasing power and growing market demand, coupled with the potential expansion of agricultural businesses, create a fertile environment for BUMLem’s future initiatives. In addition, the conducive socio-cultural climate, opportunities for inter-institutional collaboration, and support from private sectors such as banks and corporations offer further avenues for growth.

Conversely, several threats were also identified. These include intense competition from other business actors, dependence on governmental policy shifts, fluctuations in community purchasing power, and broader macroeconomic changes that could adversely affect local economic activities. According to Buysse and Verbeke (2003), such external pressures require proactive community engagement to mitigate risks. These threats necessitate proactive measures to secure BUMLem’s sustainability.

To better illustrate these internal and external conditions, Table 1 presents the SWOT matrix summary. Table 1 clearly maps out the strengths, weaknesses, opportunities, and threats faced by BUMLem “Maju Bersama,” serving as a critical reference for strategy formulation.

Table 1. SWOT Analysis of BUMLem “Maju Bersama”	
Strengths	Weaknesses
Legal establishment in accordance with Law No. 6 of 2014	Funding is not yet a priority for the Lembang and Regency governments.
Established through deliberation with the government and community	The management's human resource capacity is still low (administration and finance).
Business serves basic needs, large market share (329 families)	Business capital is still insufficient.
Availability of facilities and infrastructure from the local government	Management's performance in developing the business is still lacking.
	Lack of promotional media and information.
	Lack of a good marketing network.
Opportunities	Threats
Support from central and regional government regulations	Business competition with other business actors
Large population as potential consumers	Dependence on government policies
Regional and agricultural potential that can be developed	Fluctuations in people's purchasing power
Increasing purchasing power and market demand	Changes in macroeconomic socio-economic conditions
Expansion of agricultural sector businesses	
Conducive socio-cultural conditions	
Cooperation between institutions	
Support from the private sector (banks and companies)	

Based on the SWOT analysis, several strategic alternatives were identified to guide BUMLem’s development. These strategies were categorized into four groups: S-O (Strengths-Opportunities), S-T (Strengths-Threats), W-O (Weaknesses-Opportunities), and W-T (Weaknesses-Threats). The S-O strategy focuses on leveraging internal strengths

to capitalize on external opportunities. For instance, optimizing the use of existing facilities to expand business operations and increase income aligns well with the available market potential and regulatory backing. Similarly, enhancing the community's role and private sector involvement through village deliberations and local regulations will further solidify BUMLem's foundation.

The S-T strategy utilizes BUMLem's internal strengths to mitigate potential threats. This includes preparing clear regulations for establishment and operational cooperation to safeguard against policy uncertainties and ensure mutually beneficial partnerships. Increasing community participation in BUMLem activities also acts as a buffer against external economic shocks, fostering resilience.

The W-O strategy seeks to minimize existing weaknesses by taking advantage of external opportunities. This involves securing increased funding from both governmental and private sources to boost working capital. Moreover, enhancing the skills of BUMLem managers through targeted management and financial training is pivotal. Establishing partnerships with private entities such as Alfamart and Indomaret for product marketing, improving the added value of BUMLem products, and developing robust promotional media are also prioritized. These measures will not only mitigate internal shortcomings but also effectively harness external growth drivers.

Lastly, the W-T strategy is directed at minimizing weaknesses to avoid or neutralize threats. This includes intensifying socialization efforts to raise awareness about BUMLem's formation among local governments, private entities, and the broader community. Preparing skilled facilitators and trainers to support managerial improvements, alongside initiatives to develop distinct branding and packaging, will elevate BUMLem's market appeal and competitiveness.

The formulation of these strategic alternatives is summarized in Table 2, which highlights actionable directions across the S-O, S-T, W-O, and W-T quadrants.

Table 2. Strategic Alternatives for BUMLem Development

SWOT	Formulation
Strengths – Opportunities	Improving the Lembang government's understanding of BUMLem.
	Developing and expanding agricultural-based businesses.
	Enhancing the role of the community and the private sector through deliberation and regulation.
	Optimizing facilities and infrastructure for business expansion.
	Developing inter-institutional collaboration based on community needs.
Strengths - Threats	Establish clear regulations for the establishment and implementation of BUMLem.
	Establish cooperation regulations with high integrity.
	Establish mutually beneficial cooperation between BUMLems.
	Develop clear BUMLem financing regulations.
	Increase community participation in BUMLem activities.
Weaknesses - Opportunities	- Increase funding for BUMLem (State-Owned Enterprises) to develop businesses.
	Improve management knowledge and skills through training.
	Develop capital with the private sector and the community.
	Collaborate in marketing with the private sector (Alfamart, Indomaret, etc.).
	Increase product added value to meet consumer preferences.
Weaknesses - Threats	Develop promotional media and information about BUMLem products.
	Increase outreach to the government, private sector, and community about BUMLem.
	Provide professional mentors and trainers.
	Develop product branding and packaging for added value.

The results indicate that while BUMLem “Maju Bersama” enjoys substantial institutional and environmental support, significant efforts are still required to address internal weaknesses and prepare for external challenges. These findings form a solid empirical basis for crafting robust development strategies in the subsequent discussion section. Through careful execution of these strategic alternatives, BUMLem is expected

to strengthen its organizational capacity, expand its market reach, and ultimately fulfill its dual economic and social mandate in Lembang Sa'dan Ulusalu.

DISCUSSION

The findings from the SWOT analysis of BUMLem Maju Bersama in Lembang Sa'dan Ulusalu reveal a complex interplay of internal and external factors that shape its potential for sustainable development. The primary strength of BUMLem Maju Bersama lies in its focus on providing essential commodities, addressing the needs of 329 families in a region with limited access to markets. According to Hayyuna et al. (2014), village-owned enterprises like BUMLem are effective when they align their operations with community needs, as this ensures a stable market base. The legal foundation provided by Law No. 6 of 2014 and North Toraja's Regional Regulation No. 8 of 2014 further strengthens its legitimacy, enabling access to initial capital and infrastructure. However, this strength is undermined by significant weaknesses, particularly the limited managerial and financial skills of BUMLem managers. As noted by Angraeni et al. (2024), inadequate managerial capacity is a common barrier to BUMDes success across Indonesia, often resulting in operational inefficiencies. In the case of BUMLem Maju Bersama, the lack of accurate financial record-keeping, as observed during site visits, has led to stock shortages and uncirculated capital, with 60% of the IDR 35,000,000 initial investment tied up in unpaid loans. This situation highlights the need for targeted capacity-building interventions to enhance administrative competence.

The external opportunities identified, such as supportive government regulations and the agricultural potential of Lembang Sa'dan Ulusalu, offer significant avenues for growth. According to Kania et al. (2021), village funds and regulatory support provide a critical foundation for rural enterprises to expand their operations. The fertile land and farming population in Sa'dan Ulusalu present opportunities for BUMLem to diversify into agribusiness, such as processing local crops like coffee or rice, which could increase revenue and community engagement. Interviews with district officials underscored the potential for partnerships with private entities, such as banks or retailers like Alfamart, to improve market access. However, these opportunities are tempered by external threats, notably low community participation and competition from external vendors. Limited community involvement often stems from a lack of awareness about BUMDes benefits, a finding corroborated by the low attendance (fewer than 20 participants) at BUMLem meetings in 2019 and 2020. The remote location of Sa'dan Ulusalu, coupled with poor transportation infrastructure, further exacerbates these challenges, as mobile vendors from nearby towns offer more diverse products, reducing BUMLem's market share.

The SWOT analysis suggests that a Weakness-Opportunity (W-O) strategy, or turnaround strategy, is most suitable for BUMLem Maju Bersama. This approach focuses on minimizing internal weaknesses to capitalize on external opportunities. For instance, addressing the lack of managerial skills through training programs, as recommended by Noor et al. (2024), could enable BUMLem to leverage government support for capacity building. Similarly, developing promotional media, such as community-based campaigns, could enhance awareness and participation, aligning with strategies proposed by Slater et al. (2000). According to Dhewanto et al. (2022), integrating agricultural potential into BUMDes operations can create sustainable revenue streams, a strategy applicable to Sa'dan Ulusalu's farming resources. Partnerships with private retailers could also address the absence of a marketing network, as suggested by Dunning et al. (2015). These strategies require a collaborative approach involving the Lembang government, community leaders, and external stakeholders to ensure effective implementation.

The implications of these findings are both practical and teoretis. Practically, BUMLem Maju Bersama should prioritize training programs for managers to improve financial and administrative skills, potentially through workshops funded by village funds or private partnerships. Community engagement campaigns, such as local meetings or social media promotion, could address low participation by raising awareness of BUMLem's benefits. Diversifying into agribusiness could leverage Sa'dan Ulusalu's

agricultural potential, creating new income sources and reducing reliance on credit-based operations. Collaboration with private retailers like Alfamart could expand market reach, ensuring competitive pricing and product variety. Theoretically, this study contributes to the literature on rural economic development by demonstrating the applicability of SWOT analysis in formulating context-specific strategies for village-owned enterprises. Such strategies enhance the institutional capacity of BUMDes, aligning with the principles of institutional economics outlined by Prasad (2003). The findings also underscore the need for future research to explore scalable models for BUMDes development in other rural contexts, addressing limitations such as the study's focus on a single Lembang.

CONCLUSION

The SWOT analysis of BUMDes Maju Bersama in Lembang Sa'dan Uluvalu, North Toraja Regency, highlights key factors influencing its performance and potential for sustainable development. Internally, the BUMDes benefits from a strong legal foundation and its focus on meeting the basic needs of 329 families through a kiosk selling essential commodities. However, significant weaknesses, such as limited managerial skills, poor inventory management, and uncirculated capital due to unpaid loans, hinder its operational effectiveness. Externally, opportunities like supportive government regulations and the region's agricultural potential provide avenues for growth, while threats such as low community participation and competition from external vendors pose challenges. The Weakness-Opportunity strategy emerged as the most viable approach, emphasizing the need to address managerial shortcomings while leveraging regulatory support and local resources to enhance BUMDes's sustainability.

The findings offer practical implications for improving BUMDes Maju Bersama's operations, including the implementation of training programs to enhance managerial skills and community engagement campaigns to boost participation. Establishing partnerships with private retailers could expand market access, while diversifying into agribusiness could capitalize on local agricultural strengths. The study is limited by its focus on a single Lembang, which may not fully represent the diverse contexts of other BUMDes in North Toraja. Additionally, the reliance on qualitative data from a small sample of informants may restrict the generalizability of the results. Future research should explore BUMDes performance across multiple Lembangs to identify scalable strategies and incorporate quantitative data to assess economic impacts more comprehensively. These efforts could further strengthen the role of BUMDes in fostering sustainable rural development.

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