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**IMPLEMENTATION OF CHANGE MANAGEMENT IN BUMDES: A CASE
STUDY OF A FAMILY BASED VILLAGE BUSINESS**

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Abstract

The COVID 19 pandemic marked a turning point for public sector organizations and local economic institutions, including Village Owned Enterprises (BUMDes), by exposing vulnerabilities in governance, adaptability, and financial resilience. This study examines the implementation of change management in BUMDes that operate family based village businesses, specifically focusing on the transformations that occurred in the post pandemic context. Using a descriptive qualitative approach through a single case study, the research involved in depth interviews, participatory observation, and document analysis. Findings reveal that the pandemic served as a catalyst for reform by highlighting the need for professionalization, reduced dependence on dominant families, and enhanced community involvement. Leadership from the village head, participation of family business actors, and public support were key success factors. The study contributes theoretically by contextualizing change management in rural settings and offers practical implications for strengthening village institutions through inclusive and adaptive strategies.

Keywords: *change management, BUMDes, village business, family, organizational transformation, village leadership*

INTRODUCTION

In the era of globalization and digital disruption, local organizations face increasing pressure to adapt to a rapidly changing environment. Public and social sector organizations such as cooperatives, traditional institutions, and community based enterprises must build resilience through innovation and organizational change (Kotter, 2012). According to the World Bank (2021), more than 60% of small and medium enterprises in developing countries experience operational disruptions due to unpreparedness for external changes, especially those based in local communities.

Global economic transformation poses challenges, especially in the rural sector. The United Nations Development Programme (2020) notes that nearly 70% of the rural population in developing countries still depend on the informal economy and are not accessed by adequate financial systems. Therefore, institutions such as Village Owned

Enterprises (BUMDes) have the vital potential to become engines of change and local economic empowerment, but only if they can adapt to the challenges of the times.

Since their introduction through Village Law No. 6/2014, BUMDes have become a strategic instrument for developing the local economy in Indonesia. As of December 2023, more than 60,000 BUMDes are spread across the archipelago (MoV, 2023). However, only around 25% are active and can make significant economic contributions to village communities (Bappenas, 2022).

One of the biggest challenges of BUMDes is weak organizational governance and resistance to change. A study by Puslitbang Kemendagri (2021) shows that more than 40% of BUMDes fail to survive for more than three years due to a lack of adaptation to market dynamics and limited managerial capacity. In BUMDes that run family-based businesses, e.g., local food processing, agriculture, or household-based homestays, there are unique decision making dynamics, informal organizational structures, and the interplay between family and public interests. Therefore, the change management approach must consider the community's socio cultural characteristics.

Family based BUMDes, while rooted in local traditions and social cohesion, often face complex challenges in adapting to change. These include limited managerial capacity, resistance from family actors deeply embedded in the organizational structure, and a lack of formal governance mechanisms that separate business decisions from personal interests. As the lines between familial roles and institutional responsibilities blur, efforts to introduce innovation, transparency, and accountability are frequently met with skepticism or passive resistance. Furthermore, many BUMDes operate with limited access to modern technology, training, and financial resources, which hinders their ability to compete in an increasingly digital and interconnected economy. In the broader context, global shifts such as economic liberalization, climate change, and post pandemic recovery have reshaped market demands and governance expectations. These shifts pressure BUMDes to modernize their operations, adopt digital platforms, and engage in more inclusive, participatory governance models. Successfully navigating these transitions is crucial for BUMDes to maintain their role as rural economic development and local empowerment engines.

This research is important for two main reasons. First, few in depth studies highlight the implementation of change management in the micro realm of rural organizations such as BUMDes. Second, the sustainability of BUMDes is highly dependent on their ability to manage internal change in an inclusive and participatory manner. Without a proper understanding and change management strategy, many BUMDes have the potential to stagnate and even fail.

With BUMDes' increasing role as a catalyst for the village economy post pandemic, the urgency to apply change management principles is even greater. The World Economic Forum (2023) emphasizes that the resilience of local organizations to crises is primarily determined by their ability to transform, adapt to technology, and strengthen social capital.

The novelty of this research lies in the in depth case study approach of a village owned enterprise (BUMDes) that runs a family based village business. BUMDes, with

this model, are a hybrid form of organization that combines the characteristics of family and public entities in the village economic system. Family based village businesses often intersect with personal and social interests, making them unique in governance, decision making and business sustainability. While general change management theories such as Kotter's (1996) and Burnes' (2004) models provide valuable frameworks, they often overlook the intricacies of micro organizations with embedded family structures. To address this gap, insights from Family Business Theory (Gersick et al., 1997) offer relevant analytical tools, especially in understanding how intergenerational control, family values, and informal governance affect decision making and organizational resilience. Studies in family enterprises suggest that emotional ties, legacy preservation, and collective identity frequently hinder change adoption (Sharma & Irving, 2005; Astrachan, 2010). Similarly, research on micro organizational change in developing contexts (Ram et al., 2001; Zahra et al., 2009) emphasizes that informal relationships and localized norms often replace formal structure, making top down reforms ineffective. By integrating these theoretical lenses, this study contributes a unique perspective on how hybrid village organizations like BUMDes navigate change, especially when family dynamics intersect with public mandates.

Most previous studies have discussed the general management of BUMDes without specifically exploring how close family relationships can affect organizational dynamics, especially in the context of change implementation. For example, studies by Ariani and Nugroho (2021) and Rahayu et al. (2022) still emphasize the formal institutional aspect and have not comprehensively discussed the influence of social structure in organizational transformation. This study aims to fill this void by addressing the socio cultural perspective rarely touched upon in the discourse of change management in rural Indonesia.

This research developed a change management implementation model based on local and contextual participation. The primary focus is on how village communities' social dynamics and cultural values influence the change strategies undertaken. Thus, this research's contribution is academic and applicable in the context of more inclusive and sustainable village empowerment.

This research enriches the literature on change management by integrating classical theories and contextual approaches appropriate to the characteristics of village organizations. The concept of change management used in this study refers to John Kotter's theory (1996), which suggests eight stages in the process of organizational change, ranging from creating a sense of urgency to institutionalizing change in organizational culture.

In addition, Burnes' (2004) approach of planned change versus emergent change provides an important theoretical framework in understanding how small organizations, including BUMDes, can choose change strategies that suit their internal and external dynamics. In the context of local participation, Wibowo and Nurcahyani (2019) emphasize that the active involvement of village communities in the process of program

planning and implementation is a key success factor for BUMDes. This study aligns with this view, adding the familial dimension as an important aspect influencing participation.

Furthermore, the study by Astuti et al. (2020) highlighted the importance of village heads' transformational leadership in bringing changes to BUMDes structures and strategies. This study deepens that understanding by examining how the character of village leadership interacts with local family and community values in supporting or hindering change. Finally, Rakhmani and Dewi's (2021) study on the role of local culture in supporting or hindering organizational change provides a highly relevant perspective, especially in the context of villages that still uphold customary and family values.

By combining classical change management theory and a contextual approach based on village culture, this research seeks to close the gap in the literature that has so far been sectoral and has not integrated a transdisciplinary approach in discussing change in micro community organizations.

This research examines implementing change management in the context of BUMDes that run family based village businesses. Specifically, there are three main objectives to be achieved. First, we will analyze the implementation process of change management in BUMDes, particularly in strategy, leadership, social structure, and family dynamics. Second, internal and external factors that support and inhibit the success of organizational change should be identified, taking into account the social conditions of the village and the involvement of local actors. Third, to formulate a participatory and contextual approach to organizational change that other BUMDes with similar characteristics can adopt.

This research is expected to provide various benefits that can be felt at the academic, practical and policy levels. From the theoretical side, this research enriches the literature on change management, especially in community based micro organizations and hybrid organizations that bring together family and public elements. This research also makes a new contribution to the development of local culture based change management theory, which has been minimally discussed in depth. Practically, the results of this study can serve as an implementative guide for BUMDes managers, village heads, and other relevant parties in designing and implementing organizational change effectively. By understanding the key factors that influence successful change, actors at the village level can avoid common failures that often occur in BUMDes. From a policy perspective, this research provides important input for local and central governments in formulating village development and empowerment policies. The model of change based on participation and local values offered in this study can be used as a reference in mentoring programs and strengthening the capacity of village institutions, especially in facing the evolving economic, social, and technological challenges.

METHOD

This research uses a descriptive qualitative approach to describe the implementation process of change management in a Village Owned Enterprise (BUMDes) that runs a family based business. This approach was chosen because the research focuses on

understanding social phenomena and organizational dynamics in the context of complex and contextual village community life. The following is a detailed description of the research method:

A. Research Approach and Type

This research uses a qualitative approach with a descriptive case study type. Case studies were chosen because they allow researchers to explore phenomena that occur contextually and in depth in one unit of analysis, namely, family based BUMDes. This research does not aim to generalize, but rather comprehensively understand the dynamics of change management in a specific local context.

B. Location and Research Subjects

This research was conducted in one of the villages with an active BUMDes that runs a family based business, which was determined purposively. The location selection was based on several criteria, as can be seen in Table 1:

Table 1. Research Site Selection Criteria

No.	Criteria	Description
1	BUMDes runs family based business units	Local families, such as food processing and home farming businesses manage central business units
2	The organizational change process occurs	Changes were found in the organizational structure, management roles, and business policies of BUMDes
3	Active involvement of the community and family businesses	Communities and entrepreneurial families are involved in deliberations, daily management, and decision making

Based on Table 1 above, viz:

1. The BUMDes has been running family business units (e.g., local food processing, farms, homestays, or crafts).
2. There is a process of organizational change or transformation (such as changes in structure, leadership, or business patterns).
3. Active involvement of village communities and entrepreneurial families in managing BUMDes.

Table 2. Characteristics of Research Subjects

Informant Category	Total	Role in Research
Village Head	1 person	Policymaker and initiator of BUMDes change
BUMDes Management	3 people	Directly involved in the management and implementation of change strategies
Family members of business actors	4 people	Key actors in family business units affected by changes in management structures and systems
Community/customary leaders	2 people	Influencers in the acceptance of change and bridges between groups in the community
Villagers (general respondents)	10 people	Community beneficiaries and observers of change, providing perceptions of the transformation process

Based on Table 2, the research subjects consisted of:

1. Village head and village officials.
2. BUMDes management.
3. Family members of business actors.
4. Community leaders and citizen representatives.

C. Data Collection Technique

Data was collected through the following main techniques:

1. Participatory Observation

Researchers recorded activities, behaviors, and informal communication patterns that emerged in the community to observe daily activities in the BUMDes environment, interactions between actors, and social dynamics during the change process directly.

2. Documentation

The documents analyzed include the BUMDes' organizational structure, activity reports, village meeting minutes, local policies, and relevant internal BUMDes records. This documentary data helps understand the changes' historical and administrative context.

D. Data Analysis Technique

Data analysis was carried out descriptively and qualitatively, through the following stages:

1. Data Reduction: Filtering and sorting information from the field to focus on core organizational change and family engagement issues.
2. Data Presentation: Arranging data in a narrative form and thematic categorization to facilitate interpretation.
3. Conclusion Drawing and Verification: Formulating meaning from the data and organizing findings based on patterns that emerged in the field. The analysis was conducted cyclically, i.e., the data was reviewed repeatedly until a deep understanding of the observed phenomena was obtained.

E. Data Validation Technique

To ensure data validity, the following triangulation technique was used:

1. Source triangulation, which compares data from various informants.
2. Triangulation of methods, namely comparing the results of interviews, observations, and documentation.
3. The member check asks for clarification or confirmation from informants on the researcher's interpretation.

RESULTS AND DISCUSSION

This research found that the implementation process of change management in family business based BUMDes involves formal institutional aspects and is strongly influenced by socio cultural dynamics, family structures, and community trust in local leaders. The research results are presented in three main sections under the set objectives.

Change Management Implementation Process

The implementation of change management in the study BUMDes took place in three major phases: change initiative, initial resistance, and gradual transformation.

1. Change Initiative

The village head initiated the change, who wanted to improve the business management structure to make it more professional and reduce dependence on one family of business actors who previously dominated the agricultural product processing business unit. The village head saw the potential for conflicts of interest and growth stagnation due to a lack of innovation and weak managerial control. Therefore, a new management team was initiated and the family business structure was separated from the BUMDes institution.

This initial step reflects the first stage in Kotter's (1996) theory: creating urgency for change. However, the initiative was not immediately accepted by all parties.

2. Initial Resistance

The families of business owners, who felt they were losing control of the business they had started, expressed considerable resistance. In interviews, family members expressed concerns over financial transparency, profit sharing, and the possibility of being marginalized from the business process. This conflict poses a challenge in implementing structural change and highlights the importance of effective communication and socialization.

From the general public's perspective, there is ambiguity about the direction of change. Some residents are supportive because they want openness, but others feel there is no need for change because the business has been running "well all along." This shows that family values, loyalty, and caution in rural communities can hinder change if not managed carefully.

3. Gradual Transformation

After a process of village deliberation and the establishment of a community forum, the structural changes were finally made in stages. The families of business owners are still involved in management as operational partners, while financial management and business policies are the responsibility of the newly formed BUMDes management team. This approach adopts a "co management" model between the community and the business families.

Supporting and Inhibiting Factors

Several supporting and inhibiting factors were found in implementing organizational change in family based BUMDes. These findings are summarized in Table 3 below:

Table 3. Supporting and Hindering Factors for Change Management Implementation

Category	Supporting Factors	Inhibiting Factors
Leadership	Support from a visionary village head	Lack of managerial training for new board members
Institutional	Official decree establishing the new management team	Institutional structure is not yet flexible to innovation
Socio Cultural	The existence of trust in traditional leaders	Dominant family values inhibit professionalism
Community Participation	Active village deliberation forum	Lack of community understanding of BUMDes governance
Local Economy	High market potential of village products	Dependence on one business unit

The most significant supporting factor was the presence of a respected village head who was an agent of change. His participatory and communicative leadership succeeded in bridging differences of opinion between the business families and the community. Meanwhile, the most significant inhibiting factor was the dominance of a familial mindset that blurred the line between private and public interests.

Participatory Change Model: A Contextualized Local Approach

Based on the field findings, researchers formulated a participatory change model that other BUMDes with similar characteristics can adopt. The model includes five stages:

1. Internal Social Mapping

Identify the key actors, including the families of the business actors, and understand the social networks formed within the BUMDes.

2. Multi level Socialization

To avoid sharp resistance, change should be communicated through village forums and informal groups (pengajian, artisan).

3. Family Cooptation as Partner

Instead of eliminating the role of the family, the role was reoriented to become a business partner with a more explicit operational agreement.

4. Capacity Building of the New Management Team

Training on financial management, micro enterprise management, and business ethics for newly appointed BUMDes administrators.

5. Monitoring by Community Forum

The community is given access to oversight through quarterly evaluation forums, which also serve as a space for reflection and strategy improvement.

The participatory change model proposed in this study can be practically implemented through culturally embedded and low cost strategies that empower institutional actors and community stakeholders. For instance, during the internal social mapping phase, BUMDes leaders may utilize tools like participatory rural appraisal (PRA) to identify informal influencers within family businesses, including women and elder figures who often hold decision making power behind the scenes (Chambers, 1994). In the multi level socialization stage, successful cases show that leveraging informal forums, such as pengajian (religious study circles), arisan (rotating savings gatherings), and farmer cooperatives, builds trust and lowers resistance to change (Wulandari & Sihombing, 2020). In one village in Central Java, a BUMDes successfully transitioned to a co management model by organizing informal storytelling nights, where family business founders shared their histories, allowing new stakeholders to understand and honor past contributions without obstructing reform. During the co optation phase, written operational agreements such as Memoranda of Understanding (MoUs) between BUMDes and business owning families proved effective in formalizing roles and clarifying financial boundaries (Susilowati et al., 2021). Capacity building activities, such as village led financial literacy classes or digital marketing workshops supported by local universities, can further professionalize management while respecting community norms (Yuliani et al., 2022). For community monitoring, periodic “Village Reflection Forums” involving youth, women, and religious leaders can act as participatory evaluation mechanisms to maintain transparency and improve collective ownership (Adriani & Maharani, 2023). These examples show that with creativity, cultural sensitivity, and strategic leadership, village institutions can successfully operationalize the proposed model to enhance resilience and governance in family based BUMDes.

Discussion with Literature

The findings of this study confirm the importance of organizational change theory in the context of rural and local communities. First, the field results show that a strong and visionary leadership figure strongly influences the success of change in BUMDes. This aligns with the initial stages in Kotter's (1996) change model, namely creating a sense of urgency, forming a coalition of change drivers, and developing a vision and change strategy that all levels of the community can understand. In this case, the village head acts as a formal leader and a social mediator who can manage informal power relations rooted in the family structure and village culture.

The role of the village head in driving change demonstrates that local leadership cannot be viewed solely from an administrative structure. Instead, it symbolizes trust and

social stability, which are key in building change coalitions. Village heads who succeed in building communication across actors, business families, traditional leaders, and the general community have performed the function of "social mobilization," as emphasized in the literature on community driven development (Woolcock & Narayan, 2000).

The approach to change that is not carried out drastically, but rather through a gradual adaptation process by considering social dynamics, is very much in line with the concept of emergent change developed by Burnes (2004). In this approach, change is not imposed structurally from above (top down) but develops through discussion, negotiation and social experimentation between various parties in the community. In the context of BUMDes involved in family businesses, this proves to be particularly relevant as power and authority structures are not only formal, but spread across family, customary, and socio religious networks.

The findings of this study also reinforce the views of Rakhmani and Dewi (2021) who emphasize that local values such as gotong royong, deliberation, and family relationships can act as catalysts for organizational change. In this study, the village deliberation forum is a consultative tool and a space for social negotiation where various parties, especially business families, articulate their positions and interests. Musyawarah becomes a deliberative arena that allows change to be accepted not as a threat, but as the result of collective agreement.

Meanwhile, the involvement of villagers in every stage of change from socialization to monitoring strengthens Wibowo and Nurcahyani's (2019) argument regarding the importance of community participation in driving the success of village development programs. In this finding, villagers are not only beneficiaries but also have an active role in designing and monitoring the transformation process. This model creates a sense of ownership for BUMDes, which was previously considered the property of a few individuals or families.

In addition, informal socialization processes through recitation forums, neighborhood gatherings, and traditional meetings are effective communication channels rarely discussed in modern management literature. These channels have strong social power to shape public opinion and strengthen the legitimacy of change. In other words, communication strategies for change in villages are more effective when using cultural approaches that are intimate and based on social networks, not just formal counseling.

From an organizational theory perspective, this approach illustrates how informal structures and cultural values can serve as managerial tools that support or even replace formal mechanisms in the change process. BUMDes, as an entity born from and for rural communities, cannot be forced to use a pure corporate approach, as this model ignores the socio emotional dimensions inherent in rural communities.

Thus, implementing change management in family business based BUMDes cannot rely solely on rational technical strategies such as restructuring, standardization, or operational efficiency. Change must be within local culture, social relations, and community identity. This suggests that a transdisciplinary approach, combining change management, organizational anthropology and community development, is important in addressing the complexity of change at the grassroots level.

CONCLUSION

The results of this study show that social dynamics, the role of family business actors, and the legitimacy of local figures strongly influence the implementation process of change management in family business based BUMDes. Change can be successful if done gradually, through a participatory approach, intensive socialization, and co optation of key actors into a more transparent and accountable system. Contextual and community based change models have proven more effective in creating organizational sustainability at the village level, while strengthening the collective spirit in building a resilient and inclusive local economy.

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