

Research Article

The Role of Village-owned Enterprises in Enhancing Income and Community Welfare Through a Community Economic Development Approach: A Comparative Study Between Cikedung Village and Anyar Village, Serang Regency, Banten Province

Farkhanatun Nadiyah*, Shavira Rizky Pradhani, Muhammad Alfin Alrasyid, and Keisha Dinya Solihati

Public-Sector Business Administration, NIPA School of Administration Jakarta, Indonesia

ORCID

Farkhanatun Nadiyah: <https://orcid.org/0009-0007-1284-2319>

Abstract.

BUMDes refers to business entities that are wholly or partially owned by the village through direct participation to manage assets, services, and other businesses for the welfare of the community. The business owned by Anyar Village is bottled drinking water sourced directly from springs in the village, while Cikedung Village does not yet have a business and their BUMDes is still inactive. The purpose of this research is to determine the role of BUMDes in increasing the income and welfare of rural communities in Anyar and Cikedung villages. Using a qualitative research method, researchers conducted interviews and direct observation in both villages using a community economic development program approach. They concluded that BUMDes in Anyar village has played a role and contributed to village income and the welfare of the village community. Later, the success strategy of the Anyar Village's BUMDes can be applied to the Cikedung Village's BUMDes so that they can run actively and sustainably.

Keywords: BUMDes, village income, community welfare

Corresponding Author:

Farkhanatun Nadiyah; email:
frknadiya72@gmail.com

Published: 17 July 2025

Publishing services provided by
Knowledge E

© Farkhanatun Nadiyah et al. This article is distributed under the terms of the [Creative Commons Attribution License](#), which permits unrestricted use and redistribution provided that the original author and source are credited.

Selection and Peer-review under the responsibility of the ICoGPASS 2024: Policy and Development Conference Committee.

1. INTRODUCTION

A village is a legal community unit with defined territorial boundaries, authorized to regulate and manage governmental affairs, as well as address the interests of its local population. This is based on community initiatives, ancestral rights, and/or traditional rights that are recognized and respected within the governance framework of the Unitary State of the Republic of Indonesia (NKRI), according to Law No. 6 of 2014. As the smallest administrative unit in the country, the village is closest to the community and

OPEN ACCESS

directly addresses the needs of its residents. The government mandates the implementation of regional autonomy to promote equitable development, improve community welfare, and enhance public services, as outlined in Law No. 32 of 2004. However, rural economic growth and the welfare of rural communities are often seen as lagging behind urban development. One way to address this issue is by promoting village-based economic growth through village entrepreneurship, which can be facilitated through Village-Owned Enterprises (BUMDes), supported by both the government and local communities [1]

BUMDes is a legal entity formed by a village and/or in collaboration with other villages to manage businesses, utilize assets, foster investment and productivity, provide services, and/or offer other types of enterprises aimed at enhancing the overall welfare of the village community, as outlined in Government Regulation No. 11 of 2001. The creation of BUMDes is intended, among other things, to increase Village Original Revenue (PAD), in accordance with Law No. 32 of 2004. The presence of BUMDes has played a significant role in boosting village income and fulfilling the basic needs of the community [2]. BUMDes serves as a vital source of funding to raise income and address community needs, ensuring these benefits are experienced by all members of the community. It fosters independent village development that does not rely solely on external budgets and assistance.

The management of BUMDes is entirely carried out by the village community, organizing local economic activities into an institutional framework or a professionally managed business entity, while still drawing on the village's inherent potential [3]. This approach enhances the productivity and effectiveness of community businesses. In the future, BUMDes is expected to serve as a key pillar of national independence, as well as an institution that supports the economic activities of the community, adapting to the unique characteristics of the village in order to improve the welfare of its residents..

According to the Ministry of Villages (2024), the Village Development Index (IDM) is a composite measure created from three indices: the Social Resilience Index (IKS), the Economic Resilience Index (IKE), and the Ecological/Environmental Resilience Index. The indicators used in the IDM are based on the idea that achieving developed and self-sufficient villages requires a sustainable development approach that integrates social, economic, and ecological aspects. These elements should complement each other and preserve the village's potential and capacity to improve the quality of life. Village development and community empowerment policies and activities should promote equity and justice, be rooted in and strengthen local cultural values, and be environmentally

sustainable by effectively managing natural resources. In this context, social, economic, and ecological resilience work together to enhance the development and empowerment process and help achieve its goals.

According to data from the Ministry of Villages (2024), Banten Province has 246 underdeveloped villages and 9 very underdeveloped villages. Underdeveloped villages are those with weak social, economic, and ecological resilience. The economic growth in rural areas is typically slower than in urban areas. One effective strategy to boost the village economy is entrepreneurship, which can improve welfare and stimulate economic growth [4]. Village entrepreneurship can play a key role in fostering this growth. To optimize village development, a solution is to increase Village Original Income (PADes) through the establishment and implementation of BUMDes [5]. As outlined in Government Regulation No. 11 of 2021, BUMDes is a legal entity formed by the village or in cooperation with other villages to manage businesses, utilize assets, promote investment and productivity, provide services, and/or run other types of enterprises aimed at improving the welfare of the village community..

Community Economic Development is a program aimed at enhancing economic growth within a community by harnessing its existing potential, without relying on external intervention. A key approach to fostering community independence in business and creating new opportunities is through BUMDes. The most crucial factor in sustaining the empowerment process is fostering peer relationships that support collective organization, along with the application of participatory skills to broaden the community’s scope of activities [6].

TABLE 1:

Village Owned Enterprises		Joint Village Owned Enterprises	
Name Correction	5	Name Correction	14
Verified Name	67	Name Verified	5
Registering a Legal Entitiy	3	Registering a Legal Entity	0
Document Improvements	28	Document Improvements	2
Already a legal Entity	50	Already a Legal Entity	26

Source: <https://sid.kemendesa.go.id/bumdes> (May, 2024)

According to data from the Ministry of Villages (2024), Mancak Sub-district, Serang Regency, there are 4 villages in the underdeveloped category, including Cikedung Village. In 2024, Cikedung Village is one of the underdeveloped villages in Banten Province with an IDM score in 2023 of 0.5965 with a total population of 1,405 people, the majority of whom work as farmers. The potential of agriculture and plantations in

Cikedung Village should be better managed in order to increase the economic growth of the village through the management of BUMDes. The reason why BUMDes in Cikedung Village has not developed is because it has not optimized BUMDes as an effective means to support the economic activities of the village community.

According to data from the Ministry of Villages (2024), Mancak Sub-district, Serang Regency, Anyar Village has an IDM of 0.8356, with the majority of people working as private employees. The area of Anyar Village is 266.93 Ha. Anyar Village has 1 BUMDES that has a verified legal document status called BUM Desa Cipta Anyar Makmur Anyar. BUMDes Anyar has a bottled refillable drinking water management business in the form of cups and bottles called “Anyarku”. The establishment of BUMDes aims to create a balance between innovations initiated by BUMDes and the economic welfare of the local community [7].

2. THEROTICAL STUDY

2.1. Concepts and Theories of Village Community Income and Welfare

Welfare refers to a system of social, material, and spiritual life that is supported by a sense of security, dignity, and both inner and outer peace. This system enables individuals to pursue the fulfillment of their physical, spiritual, and social needs for themselves, their households, and society as a whole [8]. The welfare of a village community is characterized by factors that ensure the safety and security of its members [9]. It includes the availability of public facilities that support the community’s economy, per capita income that drives prosperity, and easy access to information.

2.2. The Village Development Index (IDM)

IDM is a composite index formed based on three indices, namely the Social Resilience Index (IKS), the Economic Resilience Index (IKE), and the Village Ecological Resilience Index or Environmental Resilience Index (IKL) [10]. Stated in Permendesa Number 2 of 2016 concerning the Village Development Index, the classification of a village based on IDM with the status of village progress and independence is as follows:

- a. Independent Village: $> 0,8155$

Independent villages or can be referred to as Desa Sembada are developed villages that have the ability to carry out village development to improve the quality of life and life for the greatest welfare of the village community with social resilience, economic resilience, and ecological resilience in a sustainable manner.

b. Advanced Village: < 0.8155 and > 0.7072

Developed villages or can be referred to as Pre-Sufficient Villages are villages that have the potential for social, economic and ecological resources, as well as the ability to manage them to improve the welfare of the village community, the quality of human life, and reduce poverty.

c. Developing Village: < 0.7072 and > 0.5989

Developing villages or can be referred to as Intermediate Villages are villages with the potential to become developed villages, which have the potential for social, economic, and ecological resources but have not yet managed them optimally to improve the welfare of the village community, the quality of human life, and reduce poverty.

d. Underdeveloped Village: < 0.5989 and > 0.4907

Underdeveloped villages or can be referred to as Pre-Madya Villages are villages that have potential social, economic, and ecological resources but have not or are not managing them optimally in an effort to improve the welfare of the village community, the quality of human life, and experience poverty in its various forms.

e. Very Underdeveloped Village: < 0.4097

A very underdeveloped village or what can be referred to as a Primary Village is a village that has vulnerabilities due to natural disasters, economic shocks, and social conflicts that make it unable to manage its potential social, economic, and ecological resources, and experiences poverty in various forms.

2.3. The Role of Village-Owned Enterprises (BUMDES) in Village Community Economic Development

a. Economic Growth

Economic growth refers to the process of increasing the production of goods and services within a community's economic activities [11]. It is also defined as a long-term rise in real income per capita, regardless of whether the increase in real

income outpaces the population growth rate, or if changes occur that enhance productive resources, ultimately leading to higher real income per capita [11].

b. BUMDes

BUMDes is a village-based business institution managed by both the community and the village government, aimed at strengthening the village economy and fostering social cohesion within the community. It is established based on the needs and potential of the village [13].

2.4. Community Economic Development (CED) Approach

Community Economic Development (CED) is a field of study that promotes active community participation in collaborating with the government and private sector to create strong communities, industries, and markets [14].

CED development strategies can be; carried out through [15]:

- a. Knowledge Enhancement
- b. Application of Leadership Style
- c. Provision of Assistance

The Community Economic Development paradigm is built around six key elements: resources, markets, institutions, people, decision-making processes, and spatial considerations. These elements serve as a framework that connects economic theory with the practical application of community economic development [16].

2.5. Comparative Studies in Socio-Economic Research

a. Comparative Research

According to Nazir (2005) [17], comparative research is a form of descriptive research aimed at understanding cause-and-effect relationships by analyzing the factors that lead to the occurrence or emergence of a specific phenomenon. In essence, comparative research is used to compare two or more groups based on a particular variable.

b. Socio-economic Concept

Socio-economics refers to an individual's status or position within the surrounding community [18]. It is a socially regulated position that places a person in a specific role within society, accompanied by a set of responsibilities and privileges that the individual must uphold [19].

3. METHODS

The research method used is field research. According to Kartono and Kartini (1990) [20], "field research is essentially a method to specifically and realistically understand what is happening at a given time within a community." The research conducted is descriptive qualitative. Moleong states that descriptive research "aims to describe the nature of something that occurs at the time of the study and to examine the causes of a particular phenomenon." Additionally, Sudarto (2002) [21], defines qualitative research as an assessment method that generates descriptive data in the form of written or spoken words from individuals or observable behaviors. Therefore, qualitative descriptive research in this study is aimed at systematically describing the facts as they are.

In this study, the data sources include primary and secondary sources. Primary data sources are the main sources of information, obtained directly from community members and village officials involved in the development of BUMDes (such as the Ministry of Villages, the Social Service, the Office of Cooperatives and MSMEs, and village officials) through interviews. Secondary data sources consist of supporting and comparative data that relate to the research issue..

The data collection techniques used in this study include interviews, observation, and documentation. An interview is a conversation or dialogue with a specific purpose, involving both parties: the interviewer who asks questions and the informant who provides answers, either directly or indirectly. In this research, the type of interview conducted is an unstructured interview, where the conversation is flexible, but it remains focused on the topics the interviewer has prepared in advance.

4. RESULTS AND DISCUSSION

According to Law Number 11 of 2021 regarding Village-Owned Enterprises (BUMDes), the purpose of BUMDes is to manage businesses, investments, and economic productivity, as well as to utilize village potential. BUMDes also aims to meet the general needs of the village community and manage the village food reserves. Additionally, BUMDes

seeks to generate profits or net income to increase the village's original revenue, maximize the economic resources of the community, and develop a digital economy ecosystem within the village. The utilization of village assets also adds value to those assets. The establishment of BUMDes is based on various considerations, including community needs, collaborative problem-solving, business feasibility, business models, governance, organizational structure, types of businesses, knowledge and technology, vision, sustainability orientation, and the protection of religious values, customs, social behavior, and local wisdom.

Based on the results of interviews conducted by Mr. Daryan as Head of the Subsection of Community Economic Empowerment of the Community and Village Empowerment Office (DPMD) of Serang Regency, Bumdes is formed through several stages that have been regulated in Government Regulation No. 11 of 2015 concerning Bumdes, namely: 1) Initiation and Village Deliberation. The village community or village government through a village meeting attended by all villagers can convey their initiation to form a Bumdes, which is then discussed and agreed upon by all villagers regarding the formation of the Bumdes. 2) Formation of Bumdes Officials. After the agreement of the village deliberation, the Bumdes apparatus must be formed. The Bumdes apparatus consists of village deliberations/inter-village deliberations, advisors, operational executors, and supervisors who already have their respective duties as stipulated in Government Regulation No. 11 of 2021 on Bumdes. 3) Preparation of Articles of Association and Bylaws. Bumdes officials create and draft the Articles of Association (AD) and Bylaws (ART) of the Bumdes. The AD and ART are documents that regulate the objectives, vision, mission, organizational structure, and management mechanism of the Bumdes. 4) Registration and Legalization of Bumdes. After the AD and ART are prepared, the Bumdes can be upgraded to the local Community and Village Empowerment Office (DPMD). The DPMD will verify and validate the Bumdes statement documents that have been prepared. If the documents are complete, the DPMD will issue a letter of Bumdes authorization. The way to obtain the legal entity status of a Bumdes is regulated in Government Regulation No. 11 of 2021 on Bumdes.

Cikedung Village, established in 1950, is classified as an underdeveloped village in Mancak District, Banten Regency, with a residential area of 200 hectares and located around 36 km from Serang Regency. In 2021, the population was 53.4% male and 45.6% female. The village has economic potential, with 14.6% of residents engaged in agriculture. Its strategic location within a protected forest allows 475 hectares for rice cultivation, making rice the primary commodity. Cikedung is one of the

largest rice producers in the district, offering economic opportunities. Other crops include maize, secondary crops, coffee, and coconut.

The establishment of Cikandung's Village-Owned Enterprise (BUMDes) aims to boost the local economy, but challenges like limited human resources hinder development. Shifting focus to BUMDesMA shows efforts to adapt, although this may reduce economic impact. The village has diverse resources, particularly in agriculture and livestock, but these are not yet fully optimized due to limited management capacity and market evaluation. Sustainable human resource development programs could improve organizational performance, optimizing tasks and increasing overall operational effectiveness [22].

Highlights the strategic role of village development in community welfare. Despite BUMDes' establishment, inactive management hinders operations. Decision-making shows governance efforts, but poor follow-through indicates issues in implementation and commitment [23]. Low community participation and economic impact show BUMDes has not effectively driven the local economy [24]. Lack of community programs may contribute to this low participation and sense of ownership.

BUMDes Delsa Anyar, founded in 2015 and legally registered in 2022 as BUMDes Cipta Anyar Makmur, aims to manage local resources independently to enhance economic welfare and create business opportunities. Governed by Regulation No. 11 of 2021 strengthening BUMDes' strategic functions, providing guidelines for establishment and operations to minimize conflicts and ensure success [25]. The regulation emphasizes transparency, accountability, and professionalism for effective CEID programs.

BUMDes Delsa Anyar has increased Village Original Revenue (PAD) by transforming an old well into a water processing business, "Anyarku." This showcases BUMDes' ability to manage resources, expand employment, and engage the community. As an inclusive entity, it allows the community to participate as investors and workers, aligning with CEID principles of collaboration, sustainability, and resource utilization for collective welfare [26].

The success of BUMDes Delsa Anyar is also due to dedicated human resources and a strong sense of responsibility from the management and villagers. Their

commitment to mutual cooperation supports operations, highlighting that community participation and dedication are vital for sustaining development programs [27].

5. CONCLUSION

BUMDes (Village-Owned Enterprises) play a crucial role in supporting local economic development by leveraging local potential and creating employment opportunities for the community. Based on the Community Economic Development (CED) approach, BUMDes prioritizes active community participation in local economic management. Cipta Anyar Makmur, the BUMDes of Desa Anyar, has successfully utilized local resources by processing drinking water from an old well, named Anyarku. The success of this BUMDes is evident in the increase in local revenue and job creation. The primary factor contributing to this success is the high spirit of mutual cooperation and dedication from the BUMDes management and the community.

With an innovative vision and active community participation, Desa Anyar has successfully implemented the principles of CED, namely local collaboration and sustainability. However, unfortunately, the same conditions have not been fully achieved in Desa Cikendung, which is still classified as a disadvantaged village. Desa Cikendung actually has significant local potential, particularly in the agricultural sector. Nevertheless, to date, the BUMDes in Desa Cikendung has not been able to maximize this potential. The main obstacle faced by the BUMDes in Desa Cikendung is the limited human resources (HR) and the lack of understanding among BUMDes management in managing businesses and identifying market opportunities. As a result, the significant potential, especially in the agricultural sector, has not been well-managed, resulting in suboptimal outcomes.

Through a more structured approach, both Desa Anyar and Desa Cikendung can serve as real examples of how BUMDes can become the primary driver of local economic development, provided that they are supported by adequate resources, active community participation, and clear vision and commitment from management. Thus, BUMDes can not only become a tool for managing local economic potential but also a catalyst of innovation that can drive positive change across all levels of village society.

References

- [1] Prabolwol, T. H. El. (2014). Delvellingoping bumdels (villagel-olwneld elntelrprisel) folr sustainable polvelrty allelvialiolo moldell villagel colmmunity study in Bllelbelran-Gunung Kidul-Indolnellsia.
- [2] Ramadhana, elt al. (2013). Kelbelradaan Badan Usaha Milik Delsa (BUMDels) Selbagai Pelnguatan Elkolnolmi Delsa” dalam Jurnal Administrasi Publik (JAP), Voll. 1, Nol. 6.
- [3] Pariyanti, El. (2019). Pelranan Badan Usaha Milik Delsa (BUMDels) Dalam Melningkatkan Pelndapatan Masyarakat Nellayan Delsa Sukolrahayu Kelcamatan Labuhan Maringgai Kabupateln Lampung Timur. *Fidusia: Jurnal Keuangan Dan Pelrbankan*, 2(2).
- [4] Rahayuningsih Y, Budiarto S, Isminingsih S. Pelran Bumdels Dalam Pelnguatan Elkolnolmi Delsa Sukaratu Kabupateln Selrang Banteln. *Jurnal Kelbijakan Pelmbangunan Daelrah*. 2019;3(2):80–7.
- [5] Hayyuna R, Pratiwi RN, Mindarti LI. (2014). Stratelgi Manajelmeln Aselt Bumdels Dalam Rangka Melningkatkan Pelndapatan Delsa (Studi Pada Bumdels Di Delsa Selkapuk, Kelcamatan Ujungpangkah, Kabupateln Grelsik). *Jurnal Administrasi Publik Vollumel 2 Nolmolr 1*. Diunduh Pada 1 Delselmbelr 2016. [Http://Administrasipublik.Studelntjolurnal.Ub.Ac.Id/Indelx.Php/Jap/Article/Vielw/330](http://Administrasipublik.Studelntjolurnal.Ub.Ac.Id/Indelx.Php/Jap/Article/Vielw/330)
- [6] Lolrd, J., & Hutchisolo, P. (2009). Thel procelss olf elmpolwelrmeInt: Implicatiolns folr thelolry and practicel. *Canadian Jolurnal olf Colmmunity Melntal Helalth*, 12(1), 5-22
- [7] Iskandar J. Elngkus, Fadjar Tri Sakti, Azzahra, N., & Nabila, N. (2021). STRATEIGI PELNGEIMBANGAN BADAN USAHA MILIK DEISA (BUMDels) DALAM MEININGKATKAN KEISEIJAHEIRAAN MASYARAKAT DEISA. *Jurnal Dialektika: Jurnal Ilmu Solsial*, 19(2), 1–11. <https://doli.olrg/https://doi.org/10.54783/dialektika.v19i2.1>.
- [8] Sunarti E. Telkanan Elkolnolmi dan Kelseljahtelraan Olbjelktif Kelluarga di Peldelsaan dan Pelrkoltaan. *Prosliding Selminar Hasil-Hasil Pelnellitian IPB. Bolgolr [ID]LPPM*; 2012.
- [9] Soleltolmol. (2014). Kelseljahtelraan dan Upaya Melwujudkannya dalam Pelrpelktif Masyarakat Lolkal. *Pelnelrbit Pustaka Pellajar*.
- [10] Kelmelntelrian Delsa Pelmbangunan Daelrah Telrtinggal dan Transmigrasi. (2024). *Indelks Delsa Melmbangun*.
- [11] Badrudin. (2012). *Elkolnolmika Oltolnolmi Daelrah*. Yolgyakarta : UPP STIM YKPN.

- [12] Jhingan. (2004). *Pembangunan Ekonomi dan Perencanaan*. Jakarta : PT Raja Grafindol Persada.
- [13] Maryunani. (2008). *Pembangunan Bumdes dan Pemberdayaan Pemerintah Desa*. CV Pustaka Seltia, Bandung.
- [14] Shaffel R, Delllel S, Marcoluillel D. (2004). *Community economics: linking the theory and practice* (No. 2, pp. xviii+363).
- [15] Saleh C. Bahan DIKLAT. *Strategic Planning For Development*; 2013.
- [16] Shaffel R, Delllel S, Marcoluillel D. (2006). *Rethinking community economics development*. *Economic Development Quarterly*, 20(1), 59-74. <https://doi.org/https://doi.org/10.1177/0891242405283106>.
- [17] M. Nazir. (2005). *Metodologi Penelitian*. Bogor: Ghalia Indonesia.
- [18] Sastrolpradja. (2000). *Status Sosial Masyarakat*. Jakarta: Karya Pustaka.
- [19] Malol M. (2001). *Metode Penelitian Sosial*, Jakarta : Karunika.
- [20] Kartolol K. *Pengantar Metodologi Riset Sosial*. Bandung: Mandar Maju; 1990.
- [21] Sudarto. (2002). *Metodologi Penelitian Filsafat*. Jakarta: Raja Grafindol.
- [22] Darmawan D, Andreansyah MP, Tamirullah M. (2024). *Bimbingan Teknis Untuk Peningkatan Kapasitas Kinerja Pegawai (Studi Deskriptif Badan Pengembangan Sumber Daya Manusia dan Pemberdayaan Masyarakat Desa, Daerah Tertinggal, dan Transmigrasi)*. *Jurnal Pengabdian Masyarakat*, 3(01), 14–30. <https://doi.org/https://doi.org/10.58812/jpws.v3i01.880>.
- [23] Talitha DN, Putri DA, Nurulita S, Putri Y, Aji MP. (2024). *Analisis Efektivitas Program Pendampingan Desa: Upaya Kemandirian Desa, Pembangunan Tertinggal, dan Transmigrasi dalam Mendukung Pemberdayaan Masyarakat*. *Jurnal Politik Dan Pemerintahan Daerah*, 6(1), 11–23. <https://doi.org/https://doi.org/10.36355/jppd.v6i1.139>.
- [24] Djafar N, Kamuli S, Lukum R. *Efektivitas Badan Usaha Milik Desa (BUMDes) di Desa Limbel Barat Kecamatan Tabalong Kabupaten Gorontalo*. *Jurnal Relatif Pendidikan Dan Pengajaran*. 2024;7(2):3836–42.
- [25] Sari N. *Implementasi Peraturan Pemerintah Nomor 11 Tahun 2021 dalam Pengembangan BUMDes di Indonesia*. *Jurnal Kebijakan Publik*. 2020;8(2):45–60.
- [26] Rhodels, J., Tyler, P., & Brennan, A. (2021). *The Social and Economic Impacts of Community Economic Development Programs: A Comprehensive Review*. *Journal of Local Economic Development*, 12(3), 150-168.

- [27] Rauf N, Husna Nolviana Djolu S, Musa M, Yahya S, Anani S, Studi Administrasi Bisnis P. Elkolnolmi dan Bisnis, F., Bina Mandiri Golrolntalol, U., Studi Bisnis Digital, P., & Studi Manajelmeln, P. (2024). PEIMBEIRDAYAAN BUMDEIS: SOILUSI INOIVATIF UNTUK MEININGKATKAN EIKOINOIMI DEISA. In *Colmmunnity DelvelloIpmeInt Jolurnal* (Voll. 5, Issuel 5).