



## The Role of Village-Owned Enterprises (BUMDes) in Empowering the Community of Sidorejo Village, Krian District, Sidoarjo Regency

Amalia Ramadhani Rachmad<sup>1\*</sup>, Oktarizka Reviandani<sup>2</sup>  
Public Administration, Faculty of Social, Cultural, and Political Sciences,  
Universitas Pembangunan Nasional "Veteran" Jawa Timur, Indonesia

**Corresponding Author:** Amalia Ramadhani Rachmad [ramadhanialea@gmail.com](mailto:ramadhanialea@gmail.com)

---

### ARTICLE INFO

*Keywords:* BUMDes,  
Community Empowerment,  
Sidorejo Village

*Received :* 16, July

*Revised :* 30, July

*Accepted:* 22, August

©2025 Rachmad, Reviandani: This is an open-access article distributed under the terms of the [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/).



### ABSTRACT

This study aims to describe and analyze the role of Village-Owned Enterprises (BUMDes) in community empowerment in Sidorejo Village, Krian District, Sidoarjo Regency. The community empowerment thesis put forth by Mardikanto and Soebiato (2012), which highlights four key components such as; human development, business growth, environmental development, and institutional development is applied in this study using a qualitative descriptive methodology. According to the study's findings, BUMDes Mitra Usaha's community empowerment initiative in Sidorejo Village has not been operating at its best. Village communities have not fully benefited from the presence of BUMDes in terms of capacity expansion and economic welfare, particularly the productive age group.

---

## INTRODUCTION

One major issue affecting rural areas is the high unemployment rate among those of working age, especially those between the ages of 15 and 29. The large disparity between the skills and opportunities offered in rural areas and the demands of the job market is reflected in this high open unemployment rate. Limited formal employment options and insufficient access to education and training to enhance the ability of young rural workers further worsen this scenario. The ratio of the working-age population that is unemployed and actively looking for work to the total workforce is known as the open unemployment rate, or TPT. In other words, the TPT indicates the percentage of the working-age population who are currently unemployed and ready to work if the opportunity arises.

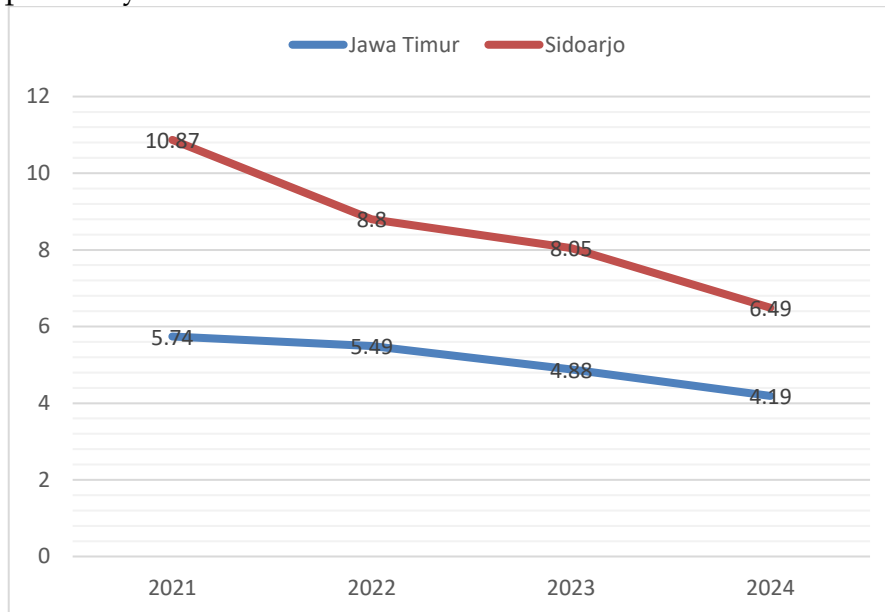


Figure 1. Comparison Chart of the Average Open Unemployment Rate (TPT) of East Java Province and the Open Unemployment Rate (TPT) of Sidoarjo Regency

Source: Central Statistics Agency (2024)

According to the graph, Sidoarjo Regency's Open Unemployment Rate (TPT) has continuously exceeded the East Java Province average from 2021 to 2024. Sidoarjo's TPT is still higher than the provincial average, despite the fact that both rates have decreased yearly. While a low TPT suggests a strong degree of job absorption in the town, a high TPT suggests that many working-age residents are still under-absorbed in the labor market. In response, the government has taken strategic steps by distributing village funds as regulated in Law Number 6 of 2014 concerning Villages, prioritizing villages to finance infrastructure development, community empowerment, and strengthening village capacity through self-management utilizing local resources (Epa & Ra'is, 2019).

Regional autonomy gives villages the ability to create economic business institutions or business organizations that can meet their needs, particularly basic needs and the utilization of underutilized rural resources, as well as develop

skilled human resources for managing and maximizing the potential of the village. Because they can best utilize local resources and potential to enhance the well-being of their citizens, Village-Owned Enterprises (BUMDes) serve as an economic business entity that village communities much require.

Villages can encourage community production enterprises, use village resources, and offer public services through BUMDes, all of which promote sustainable village economic growth. The objective of BUMDes, according to Sudarmanto and Permadhi (2020), is to improve the independence and participation of the village community in economic development while increasing the villagers' access to business and job possibilities. BUMDes is also an instrument for strengthening village economic development, so the establishment of BUMDes in each village is tailored to the economic capacity and local characteristics of each, resulting in different types of businesses being developed.

Village-Owned Enterprises (BUMDes) use business units to carry out community empowerment initiatives. These business units create and control profitable activities to boost village revenue. This is in line with the function of BUMDes, which enhances the village economy while also empowering people by generating employment opportunities and long-term welfare gains (Darwita, 2019). Sidoarjo Regency has been pushing for each village to have a BUMDes since the adoption of Sidoarjo Regency Regional Regulation No. 15 of 2019, which acts as a basis for boosting village potential (Maulidiah & Megawati, 2022).

Table 1. Classification of BUMDes in Sidoarjo and East Java

No	Classification	Number of BUMDes in Sidoarjo Regency	Percentage
1	Advanced	118	44%
2	Develop	106	38%
3	Beginner	50	18%
<b>TOTAL</b>		274	100%

*Source: Kemendesa (2024)*

The table above indicates that there are 274 BUMDes in Sidoarjo Regency, with 118 BUMDes in the advanced category accounting for 44% of all existing BUMDes. This indicates that BUMDes in Sidoarjo are on the rise. The method operates automatically based on the advanced, developing, and novice BUMDes categorization categories in Sidoarjo Regency, which are based on data that has been independently updated by BUMDes management. If BUMDes are able to contribute to Village Original Income (PAD), have village ordinances, get capital participation, and satisfy business appropriateness requirements, they are classified as advanced. BUMDes have not been able to contribute as much as they could to the village's original income in the developing category. According to Rahkmadian and Arif (2023), beginner BUMDes are those that have capital and village norms but have not yet begun operating or managing their firm.

Mitra Usaha is a Village-Owned Enterprise (BUMDes) located in Sidorejo Village, Krian District, Sidoarjo Regency. With four business units Pujasera (Warung Lapangan), Integrated Waste Management Site (TPST), Company Canteen, and Fisheries – this village-owned enterprise (BUMDes) is categorized as Advanced. Even though BUMDes Mitra Usaha is categorized as Advanced, the Sidorejo Village Community's economy needs to be improved because the unemployment rate for working-age individuals has been rising over the previous four years. For BUMDes Mitra Usaha, this is a challenge as well as an issue. This study aims to determine how BUMDes Mitra Usaha empowers the Community and improves the village economy with a business run by BUMDes.

## LITERATURE REVIEW

The goal of community empowerment is to promote the ability and involvement of communities in development so that they may independently improve their welfare and have access to and control over resources. Community empowerment, according to Mardikanto and Soebiato (2012), is the process of empowering and empowering communities by enhancing their knowledge, abilities, and attitudes to enable them to solve needs and problems in a participative way. Human development, business development, environmental development, and institutional development are the four primary facets of this empowerment that are interconnected in fostering community independence.

They are as follows:

1. Human Development

Development is a resource and a manager of management itself, based on the knowledge that its objective is to enhance human well-being and quality of life.

2. Business Development

In any empowerment program, it is an essential endeavor. Programs for human development that have no effect on welfare or economic advancement will not be well-liked and may even cause discontent in the community. Therefore, in order to receive support in the form of community participation, community empowerment initiatives must have an effect on the local economy.

3. Environment Development

The physical environment is frequently thought of as the environment, especially when discussing the protection of natural resources and the environment. The sustainability of livelihoods and businesses is also greatly impacted by the social environment. All duties pertaining to initiatives to enhance the social well-being of local communities are included in the concept of social responsibility.

4. Institutional Development

In essence, an institution is a type of social relationship that may be referred to as such, regardless of whether it consists of a person component, an interest component, a rule component, or structures.

Village-Owned Enterprises (BUMDes) are a strategic instrument for realizing community empowerment at the village level. BUMDes are established

to collectively and sustainably manage local economic potential. Through BUMDes management, communities are actively involved in the planning, implementation, and evaluation of business activities, fostering a sense of ownership and responsibility. In the context of empowerment, according to Mardikanto and Soebiato (2012), BUMDes serve as a vehicle for implementing empowerment that addresses human aspects (through training and capacity building), business (strengthening the local economy), and the environment (sustainable management of village potential).

## METHODOLOGY

The phenomenon under study is described methodically and impartially by this research methodology, which combines a qualitative approach with a descriptive research type. Direct observation and in-depth interviews with respondents chosen through purposive sampling were used to gather pertinent data (Abdussamad, 2021). The objective is to gain a more thorough understanding of the phenomenon before formulating a hypothesis (Rahardjo, 2010). The study tools included observation sheets and interview instructions that had been verified to guarantee the accuracy of the data. The processes of data collecting, coding, categorization, and result interpretation were all part of the thematic analysis approaches used to analyze the data in order to provide a thorough response to the study topic formulation. According to Sugiyono (2016), Miles and Huberman describe the use of interactive activities in qualitative data analysis, which are conducted continuously until the data is saturated. It is intended that by using this approach, the research findings will be able to give a clear, contextualized, and real picture of the subject of study.

## RESEARCH RESULT

The Village-Owned Enterprise (BUMDes) of Sidorejo Village, Krian District, Sidoarjo Regency, namely BUMDes Mitra Usaha, has been established since 2017. BUMDes activities within it are reflected through the business units that have been established until now, because BUMDes Mitra Usaha has not added any new business units in the last few years. Some of the business units in BUMDes Mitra Usaha are as follows:

Table 2. Types of BUMDes Mitra Usaha Business in Sidorejo Village, Krian District, Sidoarjo Regency

No.	Business
1.	Warung Lapangan (Warlap)
2.	Tempat Pengelolaan Sampah Terpadu (TPST) / Integrated Waste Management Facility
3.	Kantin Perusahaan / Company Canteen
4.	Perikanan / Fisheries

*Source: BUMDes Mitra Usaha 2024's Document*

BUMDes Mitra Usaha has four business units, as shown in the following table; the fisheries business unit is not yet operating. However, since 2020, the

other three have been actively generating revenue for BUMDes and Village Original Income (PAD). This analysis demonstrates that the community empowerment objective of BUMDes Mitra Usaha is not being met through these business units. This study discovered that although empowerment actors – beginning with BUMDes administrators, business unit managers, and employees have attempted to improve community participation and capacity in village development, they have not been able to address the issue of low welfare in Sidorejo Village or lower the high unemployment rate among the working-age population.

### ***Human Development***

Every activity included in human development is an attempt to make the society or people stronger. Through the management of BUMDes Mitra Usaha, which involves Sidorejo Village residents and plays a significant role in planning and activities within the BUMDes, the organization was established with the goal of empowering and improving the Sidorejo Village community. Villagers also work in the business unit and are involved in the management of BUMDes Mitra Usaha. It can boost the village community's knowledge, abilities, and self-confidence in addition to creating new jobs by giving residents the chance to work in BUMDes business units. However, given the limited employment prospects BUMDes Mitra Usaha offers rural communities and the restricted funding available to BUMDes for the establishment of new business units, community empowerment initiatives only serve a small number of villages.

### ***Business Development***

To acquire support in the form of community engagement, community empowerment necessitates a positive influence on the local economy. As a result, by creating business units, the Mitra Usaha Village-Owned Enterprise (BUMDes), which had previously had stagnant development, improved its business sector. Due to limited BUMDes funding, business development was conducted. As a result, management concentrated on growing the organization's current business divisions in order to boost revenue and generate jobs and business possibilities for the local community. Through management talks and community participation in decision-making, business development was implemented, guaranteeing that choices made genuinely reflected the village's needs and potential.

A capital investment of Rp 30,000,000.00 was given to BUMDes Mitra Usaha with the goal of expanding their current business units to increase their contribution to the community and village economy. The revitalization of one of the Warung Lapangan business units, which was formerly a food court, serves as an example of business development. The management of BUMDes Mitra Usaha changed the business's form to a modern stall due to the lack of customers and the low interest of business actors in renting kiosks. In the second year of the field stall's operation, the business unit's development produced a net profit of Rp 10,454,000.00, indicating that it was successful.

In addition to making improvements, the Mitra Usaha Village-Owned Enterprise (BUMDes) also forms alliances with outside organizations to create a

"Company Canteen" business unit. In this business unit, BUMDes has three kiosk stands in the PT. Woodone Integra company canteen that are available for rent to the Sidorejo Village community. In addition to managing village potential, the stand rental model collaborates with the private sector to give business actors a platform. By enhancing its facilities, namely its operational vehicles, Mitra Usaha BUMDes further advances the Integrated Waste Disposal Site (TPST) business unit. Due to an increase in revenue during the second year of the new vehicles' operation, this improvement has a favorable effect on the income of BUMDes and TPST employees.

### *Environment Development*

In the context of community empowerment, the environment is understood to be both social and physical. The social environment has a big impact on how sustainable business and living are, especially in the corporate world. Social responsibility is all obligations that must be carried out related to efforts to improve the social welfare of the community living in and around the business area. BUMDes Mitra Usaha maintains the village's physical environment with the existence of a TPST business unit that is fully managed by BUMDes itself after previously being managed by the village government. The field stall business unit, which was formerly a food court, was physically improved by BUMDes Mitra Usaha to a modern stall or cafe concept. This improvement was followed by the optimization of village land by the construction of supporting facilities like restrooms, a stage for band performances, and speakers.

The Mitra Usaha Village-Owned Enterprise (BUMDes) still has to deal with issues like low funding and revenue that comes only from the net profits of its business divisions. As a result, the BUMDes has only worked to grow the local economy and its current business units in recent years. This suggests that the development strategy for BUMDes has not yet made socio-environmental factors a major component. This circumstance suggests that a more comprehensive program needs to be assessed and developed in order for the Mitra Usaha BUMDes to serve as a catalyst for social and environmental sustainability in Sidorejo Village in addition to being an economic engine.

### *Institutional Development*

Through business units controlled by the Mitra Usaha Village-controlled Enterprise (BUMDes), it is anticipated that this action or activity will strengthen current institutions and create networks of partnerships to enhance the local economy and community empowerment. The Mitra Usaha Village-Owned Enterprise (BUMDes) was founded in 2017, however its management stagnated in its first year due to the lack of a business unit. With a clear vision, objective, and structure to avoid conflicting interests, the Mitra Usaha Village-Owned Enterprise (BUMDes) was able to attain advanced classification status under the most recent administration.

Recognizing that the public knew little about the long-standing BUMDes Mitra Usaha (Business Partner) business unit, the BUMDes management decided to promote the BUMDes after the reorganization. Meetings, conversations, and

quick outreach sessions at community association (RW) or neighborhood association (RT) meetings were used to accomplish this. The management's attempts to raise awareness and actively include the community are demonstrated by this participatory approach, which also makes sure that the BUMDes business programs meet the requirements and expectations of the locals. In order to reach more Sidorejo villagers and empower more people, new business units or programs are required, even though the current business units currently help the village economy and the BUMDes.

## **DISCUSSION**

### ***Human Development***

Village-Owned Businesses (BUMDes), which combine social and commercial functions, are a vital component of village economic activity. By helping to provide social services both internally and externally, BUMDes, as a social institution, supports the interests of the community (Apriadi, 2023). BUMDes contributes significantly to the development of village independence and the creation of jobs focused on locally-based sustainable development through a variety of initiatives, including business access, local potential management, and collaboration with outside parties (Lestari et al., 2023). Through the creation of jobs through business units or programs, BUMDes gives the citizens involved the chance to grow personally.

Managers have the opportunity to directly experience company management thanks to the Mitra Usaha Village-Owned Enterprise (BUMDes) management's involvement from planning to management. Additionally, by renting booths or kiosks, business units like field stalls and workplace canteens give the community access to businesses so that their enterprises can expand. However, because there are so few business units and employment opportunities produced, only a small number of people participate in the empowerment process. This is at odds with Sidorejo Village's high unemployment rate and large proportion of impoverished family heads. Implementing community empowerment is made more difficult by Mitra Usaha Village-Owned Enterprises' (BUMDes) dearth of empowerment initiatives.

### ***Business Development***

With the ultimate goal of business sustainability to raise the economic level of the village community, local economic development is founded on the needs, potential, and capacity of the village as well as capital participation from the village government in the form of financing and village assets (Wicaksana et al, 2025). The purpose of Village-Owned Enterprises (BUMDes) is to promote local economic development at the village level. This empowerment tool aligns with enhancing the financial well-being of village inhabitants by fostering the growth of their businesses. In order for the village to be able to exist and grow without heavily depending on outside assistance, Mukti Fajar (2016) asserted that the people's economy must be built on local resources (Fajar, 2016).

The Village-Owned Enterprise Partners (BUMDes) revitalizes and enhances existing facilities in order to develop its business units. A novel idea, the field stall business unit enables the community to maximize village land as

business actors and draw in more tourists. With a stand entirely run by the BUMDes, the corporate canteen business unit makes the most of Sidorejo village's industrial surroundings by forming alliances with the private sector. Enhancing operating vehicles is how the Integrated Waste Disposal Site (TPST) business unit develops its operations, which has a direct effect on both the business unit's and the BUMDes' revenue. This demonstrates that the business unit is able to satisfy the community's desire for economic possibilities and public services in environmental cleanliness, in addition to having a favorable effect on everyone's economy.

### *Environment Development*

From a social and physical environmental perspective, sustainable community empowerment can be viewed as a process that promotes sustainable management of natural resources and living areas in order to preserve ecological balance over time, in addition to enhancing the economic and social capacity of individuals and groups (Depari, 2024). Through the operation of the Integrated Waste Disposal Site (TPST), which is entirely run by the Mitra Usaha Village-Owned Enterprise (BUMDes), physical environmental development is implemented. By managing waste in a methodical and controlled manner, this business unit can lessen pollution and adverse environmental effects in Sidorejo Village. This business unit exemplifies Mitra Usaha Village-Owned Enterprise's (BUMDes) genuine dedication to preserving the physical environment as the cornerstone of sustainable, ecologically friendly development. The field stall business unit also makes physical environmental upgrades in an effort to draw more guests with innovative ideas and facilities.

The social environment facilitates long-term empowerment by encompassing the customs, social networks, and culture of the local community. As of right now, the Mitra Usaha Village-Owned Enterprise (BUMDes) lacks a business unit that is especially focused on this area. This is due to the fact that its administration and management have always placed a strong emphasis on business and the economy in order to boost BUMDes' earnings and the general welfare of the neighborhood.

### *Institutional Development*

According to Hayami and Kikuchi in Mardikanto & Soebiato (2012), an institution is a general framework that people in a community follow. This is an attempt to give community institutions more authority and power to independently manage resources and carry out empowerment initiatives. Establishing robust, reliable, and long-lasting institutions that can act as cornerstones of community empowerment is the goal here.

The Mitra Usaha Village-Owned Enterprise (BUMDes) has experienced two management transitions since its establishment in 2017. Though it hasn't yet established any new business units, the BUMDes has made good strides since Abdul Muid took over as its CEO in 2023. Nonetheless, the current units have effectively grown and added to the Regional Original Income (PAD) of Sidorejo Village. Funding and resource limitations hinder the Mitra Usaha BUMDes plan. Additionally, because community empowerment is primarily implemented

through business units, its effects are restricted to those who are directly involved, making it uneven. To promote economic independence among the people of Sidorejo Village, more extensive training is required. In order for the BUMDes to promote village economic independence and wider community involvement, this strategy is in line with the empowerment principle, which emphasizes enhancing individual capacity to establish independent companies.

## CONCLUSIONS AND RECOMMENDATIONS

Based on the results of research on the community empowerment process through the BUMDes in Sidorejo Village, Krian District, Sidoarjo Regency, it can be concluded that the community of Sidorejo Village cannot be said to be empowered optimally through BUMDes. This can be seen from:

1. Sidorejo Village residents have not yet fully experienced the human development benefits of the BUMDes Mitra Usaha program. Individual development activities are only felt by those involved in the business units, while the majority of the community has not felt the impact due to limited job opportunities.
2. BUMDes Mitra Usaha has carried out business development through the development of existing units, however the absence of new units for a long time has limited employment opportunities and has not been able to reduce unemployment in Sidorejo Village.
3. The Mitra Usaha Village-Owned Enterprise (BUMDes) has implemented physical environmental development through the TPST (landfill site) and the revitalization of Warung Lapangan (field stalls). However, there are no programs targeting the social environment.
4. Mitra Usaha Village-Owned Enterprise (BUMDes) has built a strong institution with a clear structure, vision, and mission. Its strategies and objectives are also well-developed, as they involve the community, making them more targeted and realistic.

Referring to the conclusions above, in this study several recommendations can be concluded as follows:

1. It is necessary to preserve and improve the Mitra Usaha Village-Owned Enterprise's (BUMDes) success. In order for BUMDes to expand and add business units, the Sidorejo Village Government is recommended to enhance capital support through the Village Budget (APBDes). It is anticipated that this support will increase the number of jobs created, broaden the scope of empowerment, and promote community engagement and an active role for BUMDes in village operations for the best possible growth.
2. While it is important to maintain business units that are operating efficiently, BUMDes Mitra Usaha must also innovate in order to expand the reach of community empowerment, generate employment opportunities, and support the independence of Sidorejo Village people.

## ADVANCED RESEARCH

In order to empower more people, particularly those of working age who are unemployed, further research should look at the potential of Sidorejo Village and the surrounding areas to find appropriate business models for development through the Mitra Usaha Village-Owned Enterprise (BUMDes). This strategy can help the village government and Mitra Usaha Village-Owned Enterprises (BUMDes) meet their goals of lowering unemployment and enhancing the welfare of Sidorejo Village's family heads.

## REFERENCES

- Abdussamad, Zuchri. 2021. *Metode Penelitian Kualitatif*. Makasar: CV Syakir Media Press.
- Apriadi, M. (2023). *Peran Badan Usaha Milik Desa Dalam Meningkatkan Kesejahteraan Masyarakat (Studi di Desa Wanadadi Kabupaten Banjarnegara) Tinjauan Ekonomi Islam*.
- Darwita, I. K. , & R. D. N. (2018). Peranan Badan Usaha Milik Desa (BUMDes) Dalam Pemberdayaan. In *Locus Majalah Ilmiah FISIP* (Vol. 9, Issue 1).
- Depari, E. T. (2024). *Pembangunan Berkelanjutan: Integrasi Ekonomi, Sosial, dan Lingkungan*.
- Epa, R., & Ra'is, D. U. (2019). Kebijakan Pemerintah Desa Dalam Penggunaan Dana Desa Untuk Kesejahteraan Masyarakat. *Jurnal Ilmu Sosial dan Ilmu Politik (JISIP)*, 8(3), 88-93.
- Fajar, Mukti. (2016). *UMKM di Indonesia Perspektif Hukum Ekonomi*. Yogyakarta: Pustaka Pelajar.
- Lestari, O., Herlan, Hasanah, Musa, P., Rahmaniah, S., & Marini. (2023). Peran Badan Usaha Milik Desa Dalam Pemberdayaan Masyarakat Di Tikala Desa Pasti Jaya Kecamatan Samalantan Kabupaten Bengkayang. *Komunitas: Jurnal Pengembangan Masyarakat Islam*, 14(1), 10-24. <https://doi.org/10.20414/komunitas.v14i1>
- Maulidiah, N., & Megawati, S. (2022). *Implementasi Kebijakan Badan Usaha Milik Desa (BUMDes) dalam Pengembangan Desa Wisata (Studi Pada BUMDes Sambimadi, Desa Sambibulu, Kecamatan Taman, Kabupaten Sidoarjo)*.
- Rahardjo, Mudjia. (2010). *Triangulasi dalam Penelitian Kualitatif*. Jakarta: UIN Maulana Malik Ibrahim.
- Rakhmadian, B., & Arif, L. (2023). Pemberdayaan Masyarakat Melalui Badan Usaha Milik Desa "Ngingas Makmur Abadi" Desa Ngingas Kecamatan Waru Kabupaten Sidoarjo. *Journal Publicuho*, 6(4), 1251-1261.
- Sudarmanto dan permadhi (2020) *Kinerja dan Pengembangan Kompetensi SDM*, Yogyakarta: Pustaka Pelajar.

Sugiyono, (2016). *Metode Penelitian Pendidikan Pendekatan Kuantitatif, Kualitatif, dan R&D*. Bandung: Alfabeta

Wicaksana, J., Ambarwati, L., & Syaflan, M. (2025). Optimalisasi marketing mix dalam peningkatan penjualan kerajinan bambu di Desa Bawuran. *SELAPARANG: Jurnal Pengabdian Masyarakat Berkemajuan*, 9(2), 0826–0833.