



Optimizing The Management of Village-Owned Enterprises (BUMDES) to Improve Community Welfare in Brubuh Village, Jogorogo Sub-District, Ngawi

Arum Oktavia Sholihah^{1*}, Tiara Widya Antikasari², Rofiqus Sa'adah³

^{1,2,3} UIN Kiai Ageng Muhammad Besari Ponorogo, Indonesia

Article Info	Abstract
Article history: Received July 09, 2025 Revised August 10, 2025 Accepted October 23, 2025 *Corresponding author email : arumosh28@gmail.com Keywords: BUMDES, Islamic economics, community welfare, community Participation	Islamic economics emphasizes community welfare through principles of justice, the prohibition of usury, and equitable wealth distribution. In Indonesia, welfare is a fundamental right for all citizens, including rural communities that play a strategic role in national development. Village-Owned Enterprises (BUMDES) serve as vital tools for managing village potential and promoting local economic growth. However, in Brubuh Village, the management of the Kayangan Cafe and Space business unit has not yet fully involved local MSME and farmers. This study aims to examine the management strategies of BUMDES Duta Karya in its efforts to improve the welfare of the village community using a qualitative approach. The findings indicate that principles such as professionalism, transparency, accountability, and the utilization of local resources have been implemented, although not yet optimally. Social and psychological factors, such as trust and community participation, influence the success of BUMDES. Overall, BUMDES Duta Karya contributes to strengthening the economic, social, environmental, and political sectors.
Page: 265 - 273	AICIE with CC BY license. Copyright © 2025, the author(s)

INTRODUCTION

Islamic economics addresses economic activities of society based on Islamic teachings, encompassing production, distribution, and consumption activities grounded in the Qur'an and Hadith. The main objective of Islamic economics is to achieve *maslahah* and *falah*, which refer to holistic welfare in both worldly and spiritual aspects. In this perspective, welfare is not solely measured in material terms but also includes the fulfillment of spiritual dimensions (Alfi Khoirun Nisa et al., 2023). Therefore, community welfare is a crucial element in improving the quality of life across various dimensions such as economics, social, and politics (Hamid & Suzana, 2021).

Islamic economics, as a branch of social sciences, discusses economic issues using Islamic values. Although it shares some similar topics with conventional economics (Bakar, 2020), Islamic economics takes a distinctive approach by emphasizing ethics, the prohibition of usury (*riba*), justice, and equitable wealth distribution to create harmony between spiritual and material aspects. Welfare can only be realized when human needs are proportionally fulfilled, resulting in *maslahah*—a condition that upholds human dignity as noble beings. Islamic legal principles are essential in directing economic activities toward a balance between worldly and hereafter interests.

In Indonesia, welfare is regarded as a right for all citizens, including the poor, who also have the right to access a decent life, materially, spiritually, and socially. Therefore, national welfare strongly depends on the improvement of village community welfare. One of the concrete efforts to achieve this is through strengthening the rural economy, particularly through entrepreneurship facilitated by Village-Owned Enterprises (BUMDES) (Maria Rosa, 2016). BUMDES functions as an institution that manages village potential to enhance the overall welfare of the community.

An example of BUMDES implementation can be found in Brubuh Village, Ngawi Regency, through BUMDES Duta Karya. One of its business units, Kayangan Cafe and Space, has been operating since 2019 with a modern concept integrated with the natural beauty of the mountains. Although it has successfully attracted media attention and the younger generation, the involvement of local MSMEs and farmers remains limited. Therefore, this research aims to analyze the optimization of BUMDES Duta Karya's management in enhancing the welfare of Brubuh Village community. The study uses a qualitative approach with the Miles and Huberman model of data analysis, which includes data reduction, data display, and conclusion drawing and verification. This research is distinct from previous studies as it emphasizes the operational aspects of BUMDES, the application of management principles, and their impacts on community welfare. In addition to interviewing BUMDES officials, this study also involves local MSME actors and community members to obtain more comprehensive data and focus on quality rather than quantity.

METHOD

This research employs a qualitative approach using field study methods, involving direct observation and interviews with various stakeholders in Brubuh Village. The analysis adopts the Miles and Huberman model, which includes data reduction, data display, and conclusion drawing and verification. Triangulation techniques were applied to validate the data, ensuring credibility and accuracy. The primary focus of this research is to develop a contextual understanding of the role of Village-Owned Enterprises (BUMDES) in enhancing the welfare of the local community.

RESULT AND DISCUSSION

A. The Implementation of BUMDES Management Principles in Brubuh Village, Jogorogo Sub-District, Ngawi

The principles applied in BUMDES management must be explained in detail so that they can be understood and interpreted consistently by village governments, investors, village consultative bodies (BPD), district governments, and the community. According to Suyanto Soeradi (2023), there are five fundamental principles in BUMDES management, namely:

1. Professionalism

In this context, professionalism refers to the attitude, behavior, and work quality that reflect expertise, responsibility, and commitment to certain standards in a specific field. For BUMDES Duta Karya, professionalism means running village enterprises with clear standards, such as implementing Standard Operating Procedures (SOP), transparent financial management, and providing quality services.

Although BUMDES Duta Karya operates in a rural environment, it strives to adopt the principle of professionalism by combining a modern working system with a familial approach. This is done so that workers can gradually adapt without losing the existing social values within the community. By applying professionalism in operations, BUMDES Duta Karya not only enhances the quality of its products and services but also builds public trust and ensures the long-term sustainability of the enterprise.

2. Transparency and Accountability

The application of transparency and accountability in managing BUMDES Duta Karya ensures that every financial and operational aspect can be accessed, monitored, and accounted for by stakeholders. Through open annual financial reports, the community and related parties can clearly see income, expenditures, and fund management.

With systematic reporting systems and stakeholder involvement in evaluations, the management of BUMDES Duta Karya in Brubuh becomes more trustworthy and sustainable. This principle not only enhances the credibility of the management but also

ensures that village businesses remain oriented toward the interests of the community and collective welfare.

3. Active Participation

The management of BUMDES Duta Karya applies a participatory principle, in which the village community plays a major role in business operations. The involvement of local residents is evident in the recruitment of workers, most of whom come from the village itself, including servers, parking attendants, and other staff. In addition, raw materials such as vegetables, chilies, and rice are sourced from local farmers to support the village economy. Besides this participatory aspect, a familial approach becomes an important factor in operational activities. Professional standards are introduced gradually so that employees can adjust to a better working system without feeling pressured. In this way, quality standards can still be implemented without neglecting employee comfort and adaptability.

4. Prioritization of Local Resources

The principle of utilizing local resources is also a primary focus in managing this enterprise. By prioritizing the workforce and products from the village itself, BUMDES not only opens up job opportunities but also promotes sustainable economic empowerment for the community. However, flexibility is still applied, especially in areas requiring specialized labor, such as carpentry, which may not always be available in the village. Overall, the combination of participatory principles, utilization of local resources, and a familial approach makes BUMDES Duta Karya a village enterprise model that is inclusive, empowering, and focused on community welfare. This proves that community-based businesses can develop professionally without losing the social and cultural values of the local area.

5. Sustainability

Business sustainability is a key principle in the management of BUMDES Duta Karya, especially in the operations of the cafe it manages. The awareness that leadership will change in the future drives the importance of building a solid and independently functioning business system. A good system will ensure that the business can survive and grow even when the current managers are no longer involved in its operations. The primary target is to sustain the business for at least 30 years as a benchmark of success. Within this period, the business is considered to have matured in terms of operations, management, and economic impact on the community. In contrast, if the business only lasts 5 or 10 years, it cannot yet be considered successful as it does not demonstrate strong continuity.

Moreover, business sustainability also depends on adaptation to changes in time and market needs. If, in the next 20 to 30 years, the enterprise continues to operate or leaves a lasting legacy that benefits the community, it can be said that BUMDES has

succeeded in creating a village business model that is both independent and sustainable. With this principle, BUMDES Duta Karya focuses not only on short-term profits but also on building a resilient business system that provides long-term benefits to the village community while responding to future economic challenges and developments.

B. Factors Influencing BUMDES Management in Brubuh Village, Jogorogo Sub-District, Ngawi

Social and psychological factors significantly influence the sustainability and operational effectiveness of BUMDES in enhancing the welfare of rural communities. According to Noer Soetjipto (2015), these factors can be classified into two main categories:

1. Social Motivation Factors

BUMDES management faces a major challenge in terms of the quality of village bureaucracy, which has not yet been fully prepared to optimally support operations. Although support from the village government, village heads, and the community tends to be positive, this support is often fluctuating, depending on certain conditions and situations. For BUMDES Duta Karya to grow sustainably, improvements in village administrative capacity, transparent communication, and flexible management strategies are necessary. With the right approach, BUMDES Duta Karya in Brubuh can overcome bureaucratic barriers, maintain community trust, and contribute maximally to village welfare.

Social challenges in managing BUMDES Duta Karya are particularly related to the limited availability of human resources with the necessary competencies and commitment to run the business professionally. Unlike the private sector, which is more flexible in recruiting skilled labor, BUMDES Duta Karya Brubuh must adjust to the social conditions of the village, where not everyone possesses the skills or readiness to manage a business in a sustainable manner.

The social dynamics in the development of BUMDES Duta Karya Brubuh in the tourism sector reveal that community and village government support evolved gradually. In the early phase, uncertainty and differing expectations led to mixed reactions, both supportive and critical, regarding the new enterprise. However, as the business developed and its economic benefits became more apparent, community and government support grew stronger.

The success of BUMDES Duta Karya in gaining stable support has been largely influenced by communication strategies and transparent management practices. Therefore, the management of BUMDES Duta Karya Brubuh must continue to foster community trust and ensure that the business delivers sustained positive impacts for the villagers.

The support of the Brubuh community and village government for BUMDES Duta Karya is strongly influenced by the stability and tangible benefits provided by the enterprise. Initially, doubts and controversy surrounded the establishment of Kayangan

Cafe due to uncertainty about its success. However, as BUMDES developed and positive outcomes became visible—such as job creation, contributions to village original revenue (PAD), and the development of village facilities—support became stronger. This demonstrates that sustainability and transparent management are key to building public trust and ensuring that BUMDES Duta Karya can continue to grow as a driver of the village economy.

2. Psychological Capability Factors

Strong confidence in BUMDES program planning is a key factor in ensuring that the programs can be implemented effectively. However, even with well-prepared planning, challenges and obstacles in implementation cannot be fully predicted. Program success depends not only on initial confidence but also on the ability of managers to adapt to challenges such as bureaucratic barriers, social resistance, and economic constraints. Therefore, in addition to having a clear vision, BUMDES Duta Karya managers must possess flexibility and responsive strategies so that the business can grow sustainably and benefit the Brubuh community.

Psychological factors play an important role in BUMDES management, especially in dealing with high expectations, social pressures, and the limitations of the managers' roles. The realization that the success of Brubuh Village is not solely the responsibility of BUMDES Duta Karya but also of the village government, community, and other stakeholders, is key to managing workloads and avoiding excessive stress.

To maintain psychological balance, BUMDES Duta Karya managers need to implement realistic role management strategies, understand their limits of authority, and build collaboration with various parties. With the right approach, BUMDES Duta Karya Brubuh can operate optimally, contribute to village welfare, and sustain motivation and business continuity.

Social and psychological approaches in the management of BUMDES Duta Karya Brubuh play a crucial role in creating a comfortable and productive work environment. By first fostering familial relationships, team members are more likely to adapt and develop a sense of belonging to the organization. Furthermore, the gradual application of work standards allows for natural changes without excessive pressure. This strategy enables team members to internalize work values more easily, improve team effectiveness, and ensure the long-term sustainability of BUMDES Duta Karya.

C. The Impact of BUMDES Management on Kayangan Cafe and Space in Improving Community Welfare

The impact of BUMDES management can be seen in several aspects, including economic, social, environmental, and political domains (Andy Alfatih et al., 2022). In line with their theory, the impact of BUMDES Duta Karya in promoting community welfare in Brubuh Village includes:

1. Economic Aspect

The existence of Kayangan Cafe, managed by BUMDES Duta Karya, has significantly impacted the local economy of Brubuh Village. The cafe not only helps market local MSME products such as butterfly pea flower drinks, stuffed tofu, and dim sum, but also creates job opportunities for villagers—especially for women who previously worked only as farmers. Although the collaboration between MSMEs and Kayangan Cafe has not yet been formalized through official Memorandums of Understanding (MoUs), the flexible partnership model still brings mutual benefits. MSMEs gain broader market access, while the cafe secures high-quality local raw materials.

However, there remain challenges in the community's understanding of the role and working mechanisms of BUMDES. While some residents are aware of BUMDES' existence, they do not fully grasp the benefits it can offer. Therefore, more intensive public outreach is needed so that more villagers can participate in and benefit from BUMDES activities.

2. Social Aspect

The presence of BUMDES Duta Karya through Kayangan Cafe has brought positive social impacts to the community of Brubuh Village. By involving residents in various business operations—such as hiring local labor, managing parking services by village youth, and promoting local MSME products—BUMDES has successfully created economic opportunities and improved community welfare.

Although some community members only participate as vendors or product contributors, they still benefit from increased tourism and visitor traffic. This shows that BUMDES has become a platform for local economic empowerment. However, communication and socialization about BUMDES' roles and mechanisms still need to be optimized, so that more people understand the cooperation models and participate actively in developing village enterprises.

3. Environmental Aspect

BUMDES Duta Karya has also had a positive environmental impact, particularly through the sustainable use of local resources. By utilizing agricultural products from local residents—such as butterfly pea flowers for herbal tea sold at Kayangan Cafe—BUMDES helps increase the economic value of local products while reducing dependence on external supplies.

This local sourcing strategy also contributes to distribution efficiency and reduces carbon footprints, as raw materials no longer need to be transported from distant areas—minimizing fuel usage and vehicle emissions. Furthermore, the growing demand for local products encourages villagers to cultivate more economically valuable crops, making better use of agricultural land in environmentally friendly ways.

Additionally, the involvement of the community in supplying raw materials fosters environmental awareness and opens opportunities to develop more sustainable farming systems. If resource management is executed effectively, the long-term impact could strengthen the village's circular economy, where local products are produced, processed, and consumed within one supportive ecosystem.

4. Political Aspect

BUMDES Duta Karya operates independently, without affiliation or interference from any political party. Its primary focus is on empowering the community economically through enterprises that optimally utilize local potentials. The public perceives BUMDES as a village economic institution established to improve community welfare, managed with integrity and free from political interests.

As long as BUMDES is managed transparently, accountably, and professionally, it will continue to serve as a strategic asset for village development. With an open management system, the community can monitor and understand each decision made, ensuring that all benefits are truly enjoyed by the residents. This neutral and community-oriented approach not only ensures village economic progress but also strengthens public trust in BUMDES as a fair and sustainable development driver.

The transparent and welfare-oriented management of BUMDES reflects key Islamic economic principles, particularly *maslahah* (public benefit) and *'adl* (justice). By creating jobs, boosting the local economy, and preserving the environment, BUMDES aligns with the Islamic concept of sustainability. Transparency in financial reporting demonstrates *amanah* (trustworthiness) and *shiddiq* (truthfulness), which are foundational values in Islamic business ethics. Moreover, equitable distribution of benefits helps avoid exploitation and monopolies, in accordance with social justice principles in Islamic economics. Thus, BUMDES acts as a village economic engine that is consistent with Islamic values.

CONCLUSION

Based on the research conducted, several conclusions can be drawn:

1. The management principles applied by BUMDES Duta Karya include professionalism, transparency and accountability, active participation, prioritization of local resources, and sustainability. These principles are implemented to ensure the effectiveness and benefits of BUMDES operations for the community. BUMDES Duta Karya applies professional standards, utilizes local resources, and builds a strong enterprise system to enable independent and sustainable development in the long term.
2. Social and psychological factors play a significant role in the sustainability of BUMDES Duta Karya. Community support, transparency, and effective communication are essential in

building trust, while the psychological readiness of managers to face challenges determines the success of the enterprise. With flexible approaches and adaptive strategies, BUMDES can grow sustainably and provide meaningful benefits to the village community.

3. BUMDES Duta Karya contributes significantly to improving the welfare of Brubuh Village residents by strengthening economic, social, environmental, and political sectors. Through non-partisan management, BUMDES promotes village self-reliance and reflects Islamic economic principles such as *maslahah* (public benefit), *'adl* (justice), and *amanah* (trustworthiness) in its governance. By integrating these values, BUMDES serves as a driver of village economic development that is inclusive, ethical, and sustainable.

REFERENCES

- Alfi Khoirun Nisa, Nur Iman Hakim, & Niken Lestari. (2023). Peran BUMDES dalam Meningkatkan Kesejahteraan Masyarakat Desa Grogolpenatus dalam Perspektif Ekonomi Islam. *Journal of Management, Economics, and Entrepreneur*, Volume 2(Nomor 1).
- Andy Alfatih, Diana Dewi Sartika, & Dyah Hapsari. (2022). *Kebijakan Pemberdayaan Badan Usaha Milik Desa (BUMDES)*. UPT. Penerbit dan Percetakan Universitas Sriwijaya.
- Bakar, A. (2020). Prinsip Ekonomi Islam Di Indonesia Dalam Pergulatan Ekonomi Milenial. *SANGAJI : Jurnal Pemikiran Syariah Dan Hukum*, Volume 4(Nomor 2), Article 2. <https://ejournal.iaimbima.ac.id/index.php/sangaji/article/view/491>
- Hamid, A. M., & Suzana, T. (2021). Peran Badan Usaha Milik Desa (Bumdes) Dalam Meningkatkan Kesejahteraan Masyarakat Perspektif Ekonomi Islam. *ADILLA : Jurnal Ilmiah Ekonomi Syari'ah*, Volume 4(Nomor 2). <https://doi.org/10.52166/adilla.v4i2.2519>
- Maria Rosa. (2016). Peranan Badan Usaha Milik Desa (BUMDES) pada Kesejahteraan Masyarakat Pedesaan Studi pada BUMDES di Gunung Kidul, Yogyakarta. *Modus*, Volume 28(Nomor 2).
- Noer Soetjipto. (2015). *Pengelolaan Badan Usaha Milik Desa (BUMDes) Di Jawa Timur Analisis Inferensial Kinerja Pengelola Badan Usaha Milik Desa*. K-Media.
- Suyanto Soeradi. (2023). *Sekilas tentang Badan Usaha Milik Desa BUM DESA*. Brawijaya.