

Local Economic Empowerment in Sidoarjo Regency: An Analysis of Community Potential through Village-Owned Enterprises (BUMDes) for Community Welfare

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ABSTRACT

This research aimed to analyze the potential of local communities in empowering the local economy through Village-Owned Enterprises (BUMDes) and to identify the factors that influenced the success and sustainability of these initiatives. The research was conducted in six sub-districts in Sidoarjo Regency using a descriptive qualitative approach. The analysis showed that villages ready to establish (BUMDes) had several key characteristics, including abundant natural resources, a productive-age population exceeding 50%, strong institutional structures, adequate infrastructure, high awareness of business licensing, and sufficient market value for their products. Various factors, including the strategic role of village heads, community enthusiasm, asset management, inter-village cooperation, and funding mechanisms, influenced the success of (BUMDes). Furthermore, institutional aspects, governance, and initiatives such as waste management and food security contributed to the sustainability and economic impact of (BUMDes) in improving the welfare of rural communities. These insights were relevant to Sidoarjo

Regency and could be applied to other regions in Indonesia facing similar challenges.

Keywords: Economic empowerment, (BUMDes), Sidoarjo Regency, community welfare, local resources

INTRODUCTION

The community's well-being has become the main focus in every development initiative across various regions, especially in the era of autonomy, which encourages local governments to pay more attention to values that promote economic, social, and political progress. (Aldila et al., 2018). In this context, Village-Owned Enterprises (BUMDes) have been recognized as an important instrument for empowering the village economy, increasing community participation, and creating job opportunities. The establishment of (BUMDes) aims to utilize local potential, increase the village's original revenue (PADesa), and develop economic sustainability through efficient and community-based resource management.

The Minister of Villages, Development of Disadvantaged Regions, and Transmigration (Mendes PD TT), Abdul Halim Iskandar,

stated that as of June 22, 2024, out of a total of 65,941 Village-Owned Enterprises (BUMDes) in Indonesia, 18,850 of them have obtained legal entity status (Ameliya, 2024). In this context, Village-Owned Enterprises (BUMDes) are expected to emerge as a key instrument in creating economic self-sufficiency and improving the quality of life in rural communities. However, many challenges remain, with approximately 4.8% of (BUMDes) reported as inactive and another 36% not significantly contributing to local economic growth (CNN, 2019). Therefore, Village-Owned Enterprises (BUMDes) success in achieving their goals heavily depends on managerial capacity, government support, and active community participation.

(BUMDes) are a vital effort that acts as a driving force for the local economy. This initiative provides creative solutions for managing and maximizing the potential and resources available in the village. (BUMDes) play a crucial role as they can enhance the capacity of local communities by creating job opportunities, increasing village income, and strengthening economic autonomy. With the presence of (BUMDes), villages can manage local resources more efficiently based on the needs of their own communities. This also encourages active participation from the community in the village development process (Engkus et al., 2020). In addition, (BUMDes) provides better access to essential products and services, which can reduce the village's dependence on external parties (Nur et al., 2023). All of this contributes to achieving inclusive and sustainable economic growth across Indonesia.

(BUMDes) will operate optimally if they receive full support from the government and direct involvement from village communities. This collaboration ensures that (BUMDes) can grow and adapt to local needs, increasing their effectiveness in managing village resources. Government support can come from favorable policies, funding, or management guidance. At the same time, active participation from village

communities ensures that the decisions made align with their needs and aspirations. The combination of government support (Rosidah et al., 2024) and village residents' involvement is key to ensuring the success and sustainability of Village-Owned Enterprises (BUMDes) (Suriadi & Latte, 2024). This model upholds the principles of equity and solidarity while creating fairer opportunities for the community. Using local resources (BUMDes) can stimulate inclusive and sustainable economic growth. Sidoarjo Regency, with a population of approximately 2.1 million people (BPS Sidoarjo, 2025), consists of 318 villages, 315 of which have established Village-Owned Enterprises (BUMDes). The effort to optimize (BUMDes) in Sidoarjo is strategic in fostering village economic independence and improving community welfare. The Sidoarjo Regency Government has committed to supporting this initiative by encouraging each village to manage its (BUMDes) effectively and efficiently. In this context, (BUMDes) serves as the driving force of the local economy, enabling villages to explore the potential of available resources, ranging from agriculture to tourism.

However, as with challenges faced in many other regions, issues such as the lack of a clear business plan, limited human resources, and negative public perceptions of (BUMDes) have become significant obstacles in achieving their goals. For instance, some villages have established (BUMDes), but they are often hindered by internal problems such as ineffective management and limited knowledge of the potential within their own villages. Astuti (2023) and Ekowati and Fanida (2024) emphasize that the success of (BUMDes) largely depends on the quality of natural resources, human resources, and financial resources available in each village.

The Sidoarjo Regency Government continues to encourage all villages in the region to achieve the status of Advanced and Independent Villages through community empowerment programs such as

optimizing (BUMDes). Village heads are urged to establish (BUMDes) promptly, considering that their presence can enhance community income and services. However, despite the considerable potential, challenges related to the sustainability and management of (BUMDes) remain critical issues that need attention. The lack of training for managers and the low managerial skills pose significant barriers to achieving economic empowerment goals. Therefore, an in-depth analysis of the community's potential in managing (BUMDes) and implementing local economic empowerment strategies is crucial.

Therefore, this study aims to analyze the potential of the community in local economic empowerment through (BUMDes) in Sidoarjo Regency, as well as to identify the factors that influence the success and sustainability of this initiative. Through this approach, the study is expected to provide valuable insights for developing policies and best practices in the context of local economic empowerment in Indonesia. The findings of this research are anticipated to serve as a foundation for strategic recommendations that support inclusive and sustainable economic growth at the village level.

LITERATURE REVIEW

Village-Owned Enterprise (BUMDes)

The basic concept of Village-Owned Enterprises, abbreviated as (BUMDes), is essentially an institution established by the village. The formation of (BUMDes) is part of fulfilling the mandate of legislation, as regulated in Law Number 6 of 2014 on Villages, Chapter X, Articles 87, 88, 89, and 90, which state:

a) Article 87

1. Villages may establish Village-Owned Enterprises, referred to as (BUMDes).
2. (BUMDes) are managed in the spirit of kinship and mutual cooperation.
3. (BUMDes) may engage in economic and/or public service activities following statutory regulations.

b) Article 88

1. The establishment of (BUMDes) is agreed upon through a village deliberation.
2. The establishment of (BUMDes) as referred to in paragraph (1) is formalized by a Village Regulation.

c) Article 89

1. states that the profits from (BUMDes) activities are to be used for:
2. Business development and
3. Village development, community empowerment, and assistance to the poor through grants, social aid, and revolving fund activities as stipulated in the Village Budget (APBDesa).

d) Article 90

The Central Government, Provincial Government, Regency/Municipal Government, and Village Government support the development of (BUMDes) by:

1. Providing grants and/or access to capital;
2. Offering technical assistance and market access; and
3. Prioritizing (BUMDes) in managing natural resources in the village.

This formal legal foundation guides the establishment of (BUMDes) as follows: The formation of (BUMDes) is not only legal but also a mandate of the law; it is intended to enhance village independence, particularly in terms of village finances and the economic empowerment of village communities. More specifically, the financial aspect related to establishing (BUMDes) aims to increase the Village's Original Revenue (PADesa) by granting villages the authority to run village-owned businesses. As PADesa increases, the Village Revenue and Expenditure Budget will also grow, enabling village governments to become more independent in their development initiatives.

The majority of villages in Indonesia already have (BUMDes) along with official establishment deeds. However, over time, the management of (BUMDes) has been undermined by internal and external factors within the community and by the behavioral

patterns of village residents. Meanwhile, the success of a (BUMDes) is measured by whether the human resources involved in its management can carry out their duties effectively and consistently, generate sustainable profits or assets, and positively impact the surrounding community. (Swandari et al., 2017) argue that one way to achieve economic growth in rural areas is through developing village micro-institutions, such as Village-Owned Enterprises (BUMDes). Furthermore (Ibnu & Endaryanto, 2018; Jaryono & Tohir, 2019; Swandari et al., 2017) emphasize the importance of (BUMDes)' success being supported by the quality of key resources, including natural, human, and financial resources.

Economic empowerment

Economic empowerment is a process aimed at increasing the capacity of individuals or groups to manage resources and seize economic opportunities through active community participation in economic development and by gaining economic benefits from such activities (Leuhery et al., 2023). According to (Narayan-Parker, 2002), economic empowerment includes approaches that help individuals and communities understand and utilize their potential, whether through skill enhancement, access to funding, or participation in decision-making. Thus, economic empowerment improves financial well-being and strengthens social, political, and cultural societal positions. This is also emphasized in the Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 7 of 2007 concerning Community Empowerment Cadres, which states that community empowerment is a strategy used in community development as an effort to realize the capacity and independence of individuals in social, national, and state life, as written in Article 1, paragraph (8).

The fundamental principles underlying economic empowerment programs at the local level include:

1. **Active Participation:** Economic empowerment must involve the active participation of local communities in the decision-making processes related to resource management and economic development. This involvement ensures that policies reflect the needs and aspirations of the community (Kabeer, 2001);
2. **Self-Reliance:** Empowerment aims to foster economic self-reliance among individuals and communities, enabling them to meet their needs and improve their quality of life without dependence on external parties (Calvès, 2009);
3. **Development Based on Local Potential:** Effective economic empowerment programs should utilize local potential and resources, such as skills, culture, and natural resources, to create sustainable economic opportunities (Hwang, 2024);
4. **Equity:** Economic empowerment should provide equal opportunities for all community members, regardless of social, economic, or gender background. This principle aims to reduce inequality and promote inclusiveness in economic development (Mosedale, 2005).

Empowerment Models

In practice, various economic empowerment models are implemented in different contexts, both on an individual and communal scale. Some commonly applied models include:

1. **Individual Model:** This model focuses on enhancing individual capacity through skills training, education, and access to capital. Empowered individuals can become more independent in creating job opportunities and generating income. An example is a skills training program that equips individuals with the necessary expertise to become entrepreneurs (Laverack, 2001; Najamudin & Al Fajar, 2024).
2. **Institutional Model:** In this model, empowerment is carried out by forming

groups or institutions that collectively bring communities together to manage resources. An example of this model is the establishment of cooperatives or business groups that allow members to share knowledge, resources, and market access (Suaib, 2023). These institutions can also enhance the community's bargaining power in negotiations with external parties.

3. **Participatory Model:** This model emphasizes collaboration between the community and the government or other institutions in formulating and implementing empowerment programs. In this context, the community plays an active role in designing policies that affect their lives (Kabear, 2001; Rauf et al., 2024; Rijal et al., 2023).
4. **Communal Model:** Unlike the individual model that focuses on the individual, the communal model emphasizes strengthening the community as a whole entity. This includes pooling resources, setting shared priorities, and managing collective enterprises aimed at mutual benefit. An example is the management of Village-Owned Enterprises (BUMDes), where all community members contribute to the management and share in the profits generated (Sullivan, 2024).

By integrating these various models, economic empowerment can be more effectively realized by addressing individual and communal aspects to improve community welfare. Each model has its own strengths and challenges, but all aim to achieve more inclusive and sustainable economic empowerment.

MATERIALS & METHODS

Type of Research

This study employs a qualitative approach with a descriptive analysis method. This type of research was chosen because it allows the researcher to provide an in-depth description of the conditions and dynamics

involved in forming and managing Village-Owned Enterprises (BUMDes).

Time and Location of Research

The research was conducted over a period of three (3) months, from September to December 2024. The study aimed to map the economic potential of villages in preparation for establishing (BUMDes) business units. It was carried out in six (6) sub-districts in Sidoarjo Regency: Tarik, Prambon, Krembung, Porong, Tanggulangin, and Tulangan.

Research Target/Subjects

The research subjects are the villages in the six (6) sub-districts. The mapping of these village potentials is expected to provide a detailed picture of the conditions and dynamics that will play a role in the future formation and management of (BUMDes).

PROCEDURE

This study uses the concept of social mapping by providing an overview of the community and collecting data and information within the community regarding various social issues. Social mapping can be seen as one of the approaches to Community Development, which (Twelvetrees, 1991) defines it as "the process of assisting ordinary people to improve their communities by undertaking collective actions. Thus, social mapping emphasizes community participation in the decision-making process, focusing on improving their own social conditions. This means that the community is seen as the object of research and an active subject in improving their living conditions. As an approach, social mapping is heavily influenced by social research and geography disciplines.

Data, Instruments, and Data Collection Techniques

The data in this study is supported by:

1. In-Depth Interviews: Involving key informants such as the Village Head, Village Secretary, Village Social Affairs

- Officer, Village Economic Affairs Officer (BUMDes) management, and community leaders to gain diverse perspectives.
2. Participatory Observation: The researcher is directly involved in (BUMDes) activities to understand current practices.
 3. Documentary Study: Collecting data from official documents, annual reports, and policies related to (BUMDes).
 4. SWOT Analysis: Using SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) to formulate appropriate strategies for establishing (BUMDes) based on local potential.
 5. Community Participation: Establishing (BUMDes) involves active community participation through consensus-based discussions. This is essential to ensure that the (BUMDes) formed truly reflects the needs and aspirations of the local community.

Data Analysis Techniques

Within the framework of social mapping, social and geographical aspects interact meaningfully. Through this approach, researchers can visualize the relationships between various elements within a community, such as location, access to resources, and social dynamics. Social mapping refers to the implementation model of a survey method called Rapid Rural Appraisal (RRA). Rapid appraisal is a method for collecting data on a specific community in a particular area to explore its data and information (Crawford, 1997). Rural Appraisal (RRA) is carried out using the following methods:

1. Data Collection: Gathering information from various sources through:
 - a. Key Informant Interviews (In-depth Interviews): In-depth, qualitative, semi-structured interviews using open-ended questions directed at selected individuals who are considered to have knowledge and experience related to a specific topic/case or the condition of their area.

- b. Direct Observation: In this case, the research team conducts field visits or direct observations of the local community. The data collected may include information about geographical conditions, safe zones, water sources, food sources that could be utilized in emergencies, etc.
2. Data Reduction: Filtering relevant information to focus the analysis.
3. Data Presentation: Organizing the data in a format that is easy to understand.
4. Drawing Conclusions: Identifying key findings from the analyzed data.

RESULT AND DISCUSSION

Based on the data obtained through interviews, observations, and verification of secondary data, it can be mapped that currently, Sidoarjo Regency has 318 villages, of which 315 have Village-Owned Enterprises (BUMDes). According to the Village Data Center Version 3.0, 56 villages have not yet been registered. After conducting a screening, several issues were identified as follows:

1. Some villages do not have (BUMDes),
2. Some already have (BUMDes) but have not registered them on the Village Data Center website,
3. (BUMDes) with potential have not been developed,
4. (BUMDes) do not have business units,
5. Some (BUMDes) exist, but the village government still manages their business units,
6. (BUMDes) are unaware of the potential possessed by their respective villages.

Several common issues that arise in maximizing (BUMDes) business units include:

1. Lack of a clear business plan: Many villages struggle to determine a roadmap and the type of business to run. As a result, (BUMDes) that are established often become inactive or function poorly due to the absence of clear direction.
2. Limited Human Resources (HR): A significant challenge is finding competent and experienced managers to

run (BUMDes). Without capable human resources, it is difficult for (BUMDes) to achieve its economic goals.

3. Negative public perception: Community concerns about potential losses make them hesitant to support the establishment of (BUMDes), which hinders early participation and commitment.
4. Underutilization of village potential: Some villages establish business units without aligning them with local conditions and potential, often leading to ineffective and low-impact ventures.

Of course, the issues mentioned above are of serious concern, as (BUMDes) play a strategic role in local economic development. Utilizing the existing potential within villages (BUMDes) can be a driving force in improving community welfare. The optimization of (BUMDes) must be aligned with local potential, considering the following factors:

1. Optimization of Local Resources: Every village has unique human and natural resources. (BUMDes) play a role in sustainably managing this potential, facilitating the creation of businesses that align with local characteristics, such as agribusiness in farming areas.
2. Increasing Village Original Revenue (PADes): (BUMDes) contribute to maximizing the village's original revenue, thereby reducing dependence on government funding. Businesses that match local potential are more effective in generating income.
3. Encouraging Community Participation: (BUMDes) established through community consensus and based on local needs tend to receive stronger support and active participation, which are vital for their success.
4. Business Diversification: (BUMDes) can develop a variety of businesses, from tourism to handicrafts, which not only create jobs but also enhance the village's economic competitiveness
5. Support for Economic Sustainability: With proper management, (BUMDes)

can build a sustainable local economic ecosystem through collaboration between village governments, communities, and other institutions such as NGOs or universities.

Based on the background above and the legal foundations that serve as its basis, Sidoarjo Regency, with its abundant natural resources, human resources, availability of infrastructure, supporting institutions, and current economic conditions, requires research that explores the village's potential to improve (BUMDes) performance. This research is necessary to support the welfare of rural communities and reduce village underdevelopment through small-scale surveys, identification of village potential conditions, and analysis of standout local potentials to be elevated as catalysts for the village economy.

Geographic Conditions

The geography of Sidoarjo encompasses various districts, defining important territorial boundaries and including hydrological elements such as rivers and water springs. Water sources are essential for meeting the community's basic needs and can support various business units that rely on water availability. Identifying strategic geographic locations in districts such as Tarik, Prambon, Krembung, Porong, Tanggulangin, and Tulangan is a crucial first step in establishing optimal business units.

Natural Resource Potential

Each village has unique natural resources, ranging from plantation land to livestock farming. The villages in the six analyzed districts show variations in land use, agriculture, plantations, and animal husbandry, which are key in determining the economic competitiveness of a village. Assets such as burial land, schools, and water sources also influence the economy's structure that can be developed.

Human Resource Potential

Human resources in rural areas play a major role in economic development success.

Mapping them based on criteria such as age, education level, and unemployment rate enables the optimization of relevant skills and knowledge for the development of (BUMDes). Community participation and the capacity of human resources determine the effectiveness of implementation and economic development programs in the village.

Institutional Potential

Institutions in Sidoarjo's villages, such as BPD (Village Consultative Body), PKK (Family Welfare Program), Linmas (Community Protection), and cooperatives, play a vital role in facilitating community participation in economic development. Strong legal standing enables these institutions to function effectively while capacity-building through training and support from local government is necessary for them to operate optimally.

Infrastructure Potential

Infrastructure such as paved roads and public transportation systems enhance mobility and accessibility, which are crucial for the distribution of local products. Educational, health, religious, and communication facilities support human resource and social development. Recreational facilities and waste management can improve quality of life and open up new economic opportunities.

Economic Potential

In the economic aspect, ease of access to capital, business licensing, and marketing strategies are key factors in ensuring the sustainability of (BUMDes). Financial literacy and simple bookkeeping support transparent financial management. Innovation and intellectual property protection through copyrights and patents are also important for increasing product competitiveness. By recognizing product uniqueness and developing new ventures based on market analysis, (BUMDes) can achieve sustainable growth.

Village Potential Categories

This study formulates a strategic and well-planned development roadmap based on an in-depth SWOT analysis, along with prior identification and assessment. To support these steps and maximize each village's potential, the following is a proposed action plan to support future development strategies. In the table, this study outlines development proposals for Village-Owned Enterprises (BUMDes), along with recommendations for assistance and follow-up actions necessary to optimize BUMDes and ensure they contribute to the village's original revenue (PADesa).

This research also assigns color codes accompanied by indicators developed through the SWOT analysis and village potential identification. These indicators are important benchmarks to assess each village's readiness to establish a Village-Owned Enterprise (BUMDes). Using color codes to facilitate identification, the study categorizes village readiness into the following three levels:

1. **GREEN:** The Green category indicates villages most ready to establish Village-Owned Enterprises (BUMDes). It reflects optimal preparedness across various aspects necessary to effectively establish and manage a (BUMDes).
2. **YELLOW:** The Yellow category refers to villages that have demonstrated readiness for (BUMDes) formation but require further preparation in certain areas. This signals the need to adjust and support these villages in reaching their full potential.
3. **RED:** The Red category represents villages not yet ready for (BUMDes) formation. This indicates the need for further intervention and guidance to help these villages adequately prepare before proceeding with the establishment of BUMDes.

With this clear color-coded mapping, community empowerment program planning and development can be carried out more precisely, ensuring that each

village receives support aligned with its level of readiness.

Table 1. Identification of Village Readiness Categories

HIJAU	YELLOW	RED
<p>Indicators:</p> <ol style="list-style-type: none"> Natural Resources: Has abundant natural resource potential, including public facilities, irrigated rice fields, and plantation land. Human Resources: A productive-age population of more than 50%, with relatively low unemployment. Institutional Strength: Possesses strong institutions such as the Village Consultative Body (BPD), youth organizations (Karang Taruna), Village-Owned Enterprises (BUMDes), cooperatives, and MSMEs that function effectively. Infrastructure: Good road infrastructure (asphalt/concrete), adequate communication access, and proper wastewater disposal systems. Economy: High awareness regarding business licensing and sufficient product marketing value. 	<p>Indicators:</p> <ol style="list-style-type: none"> Natural Resources: There is potential for natural resources, but the supporting infrastructure may not be fully adequate. Human Resources: The percentage of the productive-age population ranges between 40–50%, with a still significant unemployment rate. Institutional Strength: Several institutions, such as Village-Owned Enterprises (BUMDes) and youth organizations (Karang Taruna), but their functions still need to be improved and strengthened. Facilities and Infrastructure: This has limited market access, with existing waste collection points (TPS) that require better management and communication infrastructure that exists but needs improvement. Economy: There is awareness of business licensing, but business actors still need training in basic bookkeeping, cost of goods sold (COGS) calculation, and packaging. 	<p>Indicators:</p> <ol style="list-style-type: none"> Natural Resources: Very limited natural resource potential, with insufficient infrastructure to support economic activities. Human Resources: Productive-age population below 40%, with high unemployment. Institutional Strength: Weak or non-existent institutional structures, lacking active community organizations. Infrastructure: No waste collection points or market access, and poor wastewater disposal, which negatively impacts the environment. Economy: Difficulty accessing capital and limited experience in business management and product marketing.

Source: Data processed from primary and secondary sources

Based on the recommendations for 27 villages in Sidoarjo Regency, 33.33% fall under the green category, 37.04% under the yellow category, and 29.63% under the red

category. The following are the villages that have been identified and analyzed based on SWOT analysis, interviews, and direct observations:

Table 2. Village Potential Categories

No.	Green Category	No.	Yellow Category	No.	Red Category
1	Randegan Village	1	Gampingrowo Village	1	Mergosari Village
2	Kedung Banteng Village	2	Jatikalang Village	2	Wirobiting Village
3	Kalidawir Village	3	Pejangkungan Village	3	Wangkal Village
4	Kalitengah Village	4	Jati Alun-alun Village	4	Waung Village
5	Ketegan Village	5	Kedungsumur Village	5	Kesambi Village
6	Gelang Village	6	Putat Village	6	Renokenongo Village
7	Kemantren Village	7	Kepatih Village	7	Kedung Bendo Village
8	Kedondong Village	8	Medalem Village	8	Ganggang Village
9	Kepuh Kemiri Village	9	Sudimoro Village		
		10	Gampingrowo Village		

Source: Data processed from primary and secondary sources

Based on the data analysis, the general aspects contributing to the success of Village-Owned Enterprises (BUMDes) include:

The Role of the Village Head in Establishing (BUMDes)

The village head plays a strategic role in the success of (BUMDes) through several key functions. As a leader and motivator, the village head inspires and guides the community with a clear vision of the benefits of (BUMDes). The village head organizes community meetings and outreach efforts as a facilitator, ensuring all residents participate. In addition, the village head serves as a liaison with external parties, securing vital support from local governments and the private sector while ensuring compliance with policies and regulations. Monitoring and evaluating the performance of (BUMDes) also falls under their responsibility to ensure long-term benefits for the community.

Community and Village Officials' Enthusiasm Toward (BUMDes)

Community involvement in (BUMDes) decision-making creates a strong sense of ownership and responsibility. Education and outreach efforts help increase public understanding of the benefits of (BUMDes), encouraging active participation. Economic successes, such as job creation, boost public confidence in the (BUMDes) initiative, while participation in social and economic activities strengthens the community's commitment to economic self-reliance. Harmonious collaboration between villagers and village officials creates a supportive environment for (BUMDes) growth.

Waste Management

Village-owned enterprises (BUMDes) can play a vital role in waste management by establishing recycling businesses and educational programs. Recycled products not only reduce pollution but also increase income through creative industries. Partnerships with environmental

organizations can provide technology and marketing support to expand the reach of recycled products. Education and training in this field will help foster environmental awareness and responsibility among the community

Inter-Village Collaboration

Through collaboration, villages can optimize resources by sharing production and supply chains. Handicrafts and locally processed products can be marketed more widely and effectively. Integrated tourism programs between villages enhance tourism appeal by offering diverse experiences, increasing local income, and encouraging cultural preservation and sustainable tourism practices.

Village Asset Management

Village asset management begins with inventory and optimizing the use of assets by productively utilizing land and buildings. Developing village infrastructure through existing assets can improve community access and quality of life. Training programs on asset management for village officials and residents will ensure efficient and sustainable use of village assets. Regulated by strict policies, asset usage must prioritize public benefit and receive the approval of the community and local government.

Food Security Program

Village food security programs align with national policies, aiming for self-sufficiency and local food diversification through sustainable agriculture development and efficient distribution systems. Nutrition education promotes healthy eating habits, positively impacting public health and local economic stability. Food security strategies support national policies that increase food production and empower local farmers.

Funding Collaboration

Village project funding can be sourced through crowdfunding, partnerships with financial institutions, and the use of grants.

Crowdfunding not only finances projects but also boosts community engagement. Collaborations with financial institutions provide access to funding and training, while grants can be used to support social and economic programs. Transparent financial management and accountability are essential to the success of these funding efforts.

Institutional and Governance Aspects of (BUMDes)

The institutional structure of Village-Owned Enterprises (BUMDes) ensures legal compliance, defines organizational frameworks, and enables sound financial management. Facilitation and mentoring from support organizations help strengthen management capacity. Connections and networks with external stakeholders create opportunities for collaboration and regulatory support. Ongoing performance monitoring and evaluation through institutional mechanisms ensure sustainability and continuous improvement of (BUMDes) services within the community.

CONCLUSION

Based on the mapping study of Village-Owned Enterprises (BUMDes) in 27 villages in Sidoarjo Regency, East Java, 21 villages were identified and analyzed according to their potential. These include Gampingrowo Village, Jaticalang Village, Pejangkungan Village, Jati Alun-Alun Village, Kedungsumur Village, Randegan Village, Kedungbendo Village, Kedungbanteng Village, Kalidawir Village, Putat Village, Kali Tengah Village, Ketegan Village, Ganggang Panjang Village, Kepatihan Village, Gelang Village, Kemantren Village, Medalem Village, Sudimoro Village, Kedondong Village, Kepuhkemiri Village, and Kepunten Village. Meanwhile, 6 villages could not be identified: Mergosari Village, Wirobiting Village, Wangkal Village, Waung Village, Kesambi Village, and Renokenongo Village.

This study involved an in-depth analysis of human resources potential, natural resources, institutional aspects, infrastructure and facilities, and economic potential. The mapping process included several steps: socialization of the (BUMDes) formation plan, formation of the working team, data collection, data analysis, reporting and recommendations, village deliberations, policy brief drafting, and report submission. Each village showed unique strengths based on its specific potential. A SWOT analysis measured indicators within each potential area, helping determine each village's appropriate strategy and recommendations.

The mapping of the potential in 27 villages in Sidoarjo Regency resulted in three categories: villages that are ready for the formation and development of (BUMDes) (green category) at 33.33%, villages that are ready for (BUMDes) formation and development but still require some preparation (yellow category) at 37.04%, and villages that are not yet ready for (BUMDes) formation (red category) at 29.63%.

The success factors of (BUMDes) include the role of the village head in fostering enthusiasm among residents and village officials, waste management, inter-village cooperation, village asset management, food security programs, funding collaborations, institutional aspects, and the overall governance of (BUMDes).

Declaration by Authors

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