

# Data Analysis on Human Resource Management and Development of Village-Owned Enterprises in Improving the Welfare of the Paspas Village Community in Banyuwangi Regency

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Village-Owned Enterprises (BUM Desa) are a strategic instrument in driving village economic development through the management of local potential and community empowerment. The success of BUM Desa is not only determined by the organizational governance aspect, but also by the ability to develop human resources as the main asset of village development. This study aims to analyze the governance and human resource development carried out by BUM Desa Jaya Makmur in improving the welfare of the community of Paspas Village, Glagah District, Banyuwangi Regency. The study used a qualitative approach with a case study method. Data were obtained through in-depth interviews, observation, and documentation of the Village Head, BUM Desa managers, and community members involved in the BUM Desa program. Data analysis was conducted using the Miles and Huberman interactive model which includes data reduction, data presentation, and drawing conclusions. The results show that the governance of BUM Desa Jaya Makmur has fulfilled the principles of participation, policy coherence, reflexivity and adaptability, and democratic institutions. In addition, human resource development is carried out through skills training, empowerment of productive businesses, entrepreneurial mentoring, and increased community participation. These programs contribute to increasing community capacity, expanding business opportunities, increasing income, and strengthening village economic independence. The research findings confirm that good governance and sustainable human resource development are important factors in improving the performance of Village-Owned Enterprises and community welfare.

**Keywords:** Governance, Human Resources, Village-Owned Enterprises, Community Welfare, Economic Empowerment.

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## 1. Introduction

Village development is a national development priority aimed at achieving equitable community welfare. Villages are no longer positioned as objects of development, but rather as subjects empowered to independently manage their resources and potential. This paradigm is reinforced by Law Number 6 of 2014 concerning Villages, which provides greater opportunity for villages to develop economic independence through the establishment of Village-Owned Enterprises (BUM Desa). Empirical evidence indicates that the presence of BUM Desa contributes positively to village development and strengthens local economic capacity, particularly in villages that are able to manage their enterprises effectively (Ultari & Khoirunurrofik, 2024; Puri & Khoirunurrofik, 2021).

Village-Owned Enterprises (BUM Desa) were established as village economic institutions that manage assets, potential, and economic services to improve community welfare. The existence of BUM Desa is expected to create jobs, increase community income, strengthen micro-enterprises, and increase Village Original Income (PADes). Previous studies have shown that BUM Desa plays an important role in promoting

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rural entrepreneurship, stimulating local economic growth, and enhancing community welfare through community-based economic activities (Kania, 2021; Muryanti, 2020). However, various studies show that not all BUM Desa are able to carry out these functions optimally. Governance issues, low quality human resources, weak business innovation, and lack of community participation are often factors that hinder the success of BUM Desa (Kurnianto & Iswanu, 2021; Faridah & Ravita, 2024).

From a modern management perspective, human resources are a strategic asset that determines the sustainability of an organization. Human Capital Theory states that investment in education, training, and skills development will increase individual and organizational productivity (Becker, 1993). Therefore, human resource development is a crucial element in supporting the successful governance and performance of BUM Desa. Several studies emphasize that strengthening human resource capacity and intellectual capital is essential for improving BUM Desa governance, innovation, and long-term organizational performance (Ghofar et al., 2021; Afrizal et al., 2023).

Paspan Village, Glagah District, Banyuwangi Regency, is one of the villages with a Village-Owned Enterprise (BUM Desa) called Jaya Makmur, established in 2015. This BUM Desa runs various economic and community empowerment programs through capital services, village markets, village festivals, and community skills training. These various programs demonstrate that the BUM Desa plays a role not only as an economic institution but also as an agent for community-based human resource development. Such a role is consistent with the concept of BUM Desa as a vehicle for rural entrepreneurship and community empowerment that integrates economic and social objectives in village development (Kania, 2021; Aritenang, 2021).

Based on these conditions, this study aims to analyze the governance and human resource development of BUM Desa Jaya Makmur in improving the welfare of the Paspan Village community, Banyuwangi Regency. This study is important because previous research has generally examined governance, performance, or welfare impacts separately, whereas limited studies have explored the integrative relationship between governance, human resource development, and community welfare within the context of BUM Desa management. Furthermore, recent studies suggest that good governance, social capital, and community participation are critical determinants of BUM Desa performance and their contribution to community welfare (Yustin & Baroroh, 2024; Wijaya et al., 2024).

### **Community Development Theory**

Community development is a process aimed at increasing the capacity of individuals and community groups to identify, manage, and utilize existing resources to improve their quality of life (Zubaedi, 2013). According to Twelvetrees (2014), community development is carried out through collective action that involves active community participation in the development process.

### **Human Capital Theory**

Becker's (1993) Human Capital Theory explains that investments in education, training, work experience, and skills development are factors that can increase individual and organizational productivity. In the context of Village-Owned Enterprises (BUM Desa), human resource development is a crucial investment to enhance the community's ability to manage productive businesses and strengthen the village economy.

### **Village-Owned Enterprise Governance**

Governance is a system that regulates the relationships between stakeholders within an organization to achieve goals effectively and sustainably. Glass and Newig (2019) explain that sustainable development governance encompasses four main aspects: participation, policy coherence, reflexivity and adaptability, and democratic institutions.

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## Community Welfare

Community welfare is the condition where economic, social, and psychological needs are met, enabling people to live a decent life. In the context of village development, welfare can be measured through increased income, employment opportunities, access to economic resources, and improved quality of life.

## 2. Methods

This research uses a qualitative approach with a case study method. This approach was chosen because it provides an in-depth understanding of the governance and human resource development phenomena carried out by the Jaya Makmur Village-Owned Enterprise (BUM Desa). The research location is in Paspan Village, Glagah District, Banyuwangi Regency. The research informants were selected using a purposive sampling technique, consisting of the Paspan Village Head, BUM Desa Jaya Makmur managers, and community beneficiaries of the BUM Desa program.

Primary data were obtained through in-depth interviews and direct observation, while secondary data were obtained from BUM Desa documents, village archives, activity reports, and various relevant literature. Data analysis used the Miles and Huberman model, which includes data reduction, data presentation, and conclusion drawing. Data validity was tested through source triangulation and technical triangulation.

## 3. Results and Discussion

### Results

#### Governance of Jaya Makmur Village-Owned Enterprises

Research results show that the governance of Jaya Makmur Village-Owned Enterprises (BUM Desa) has implemented the principles of good governance. Community participation is evident through active involvement in village deliberations, program evaluations, and decision-making related to business development. Policy coherence is demonstrated through program development aligned with community needs and village potential.

Furthermore, the BUM Desa regularly evaluates its implemented programs to ensure it can adapt to changing community needs. Institutionally, the BUM Desa has a clear organizational structure, supporting accountability and transparency in business management.

#### Human Resource Development by Village-Owned Enterprises

One of the key findings of this study is that the success of Village-Owned Enterprises (BUM Desa) is determined not only by organizational governance but also by a sustainable human resource development strategy. Human resource development programs include sewing training, agricultural processing training, creative technology training, micro-enterprise mentoring, and entrepreneurship outreach. These programs aim to improve community competency so they can independently create productive businesses.

From a Human Capital Theory perspective, these programs represent a form of human capital investment that can increase community productivity. Communities that previously relied solely on traditional agriculture are now acquiring additional skills that can be used to create new sources of income.

#### Village-Owned Enterprises' Performance in Improving Community Welfare

The performance of Jaya Makmur Village-Owned Enterprises (BUM Desa) is realized through three main strategies: developing capital services, organizing village markets, and village festivals. The capital services program provides easier access to financing for the community compared to formal financial institutions.

Village markets serve as a platform for marketing local products and increasing community economic activity. Meanwhile, village festivals serve as a means of promoting local economic and cultural potential, attracting visitors from outside the village. Research shows that these various programs have a positive impact on increasing community income, creating new business opportunities, reducing unemployment, and increasing community participation in village economic activities.

### **An Integrative Model of Governance, Human Resource Development, and Community Welfare**

Research findings demonstrate a mutually reinforcing relationship between governance, human resource development, and community welfare. Good governance creates an organizational environment that supports the implementation of empowerment programs. Furthermore, human resource development enhances the community's capacity to capitalize on available economic opportunities. The combination of these two factors contributes to the sustainable improvement of community welfare.

### **Discussion**

The results of this study indicate that the success of the Jaya Makmur Village-Owned Enterprise (BUM Desa) in improving community welfare is determined not only by the organization's ability to manage its business units, but also by the quality of institutional governance and simultaneous human resource development. These findings indicate that the BUM Desa functions not merely as a village economic entity but as an instrument for community empowerment, capable of integrating institutional, social, and economic aspects within a sustainable village development framework.

From a governance perspective, this study demonstrates that the Jaya Makmur Village-Owned Enterprise (BUM Desa) has implemented the principles of good governance through community participation, accountability, transparency, and policy coherence. Community involvement in village deliberations and program evaluation processes demonstrates that decision-making is not top-down, but rather through participatory mechanisms that provide space for the community to express their aspirations and needs. This is in line with the collaborative governance approach, which emphasizes the importance of multi-stakeholder involvement in development planning and implementation. High participation contributes to increased program legitimacy, strengthens a sense of ownership, and encourages the sustainability of program implementation because the community is part of the decision-making process.

Furthermore, regular program evaluations demonstrate the organization's adaptive capacity to respond to changing community needs and the dynamics of the village economic environment. This finding indicates that Village-Owned Enterprise (BUM Desa) governance is not static, but rather evolves through organizational learning. The ability to evaluate and adjust programs is a crucial factor in maintaining the relevance of BUM Desa's business activities, ensuring that the resulting benefits remain aligned with community needs. A clear organizational structure also strengthens institutional accountability, as each actor has well-defined roles and responsibilities. Thus, effective governance serves as a key foundation for enabling BUM Desa to optimally carry out its economic and social functions.

The research findings also emphasize the importance of human resource development as a strategic factor in increasing the effectiveness of community empowerment programs. Various training programs, such as sewing, agricultural processing, creative technology, micro-enterprise mentoring, and entrepreneurship outreach, demonstrate that BUM Desa strives to enhance individual capacity to adapt to increasingly dynamic economic demands. From a Human Capital Theory perspective, investment in improving community skills and knowledge is a form of human capital accumulation that can increase productivity, innovation capacity, and the ability to earn higher incomes.

The research results show that communities previously dependent on traditional agricultural sectors are now gaining alternative sources of income through new skills acquired through these training programs. These findings demonstrate that human resource development not only results in increased technical competency but also encourages a transformation in community mindsets toward entrepreneurship and economic independence. Thus, the benefits of human resource development programs extend beyond individual capacity building to strengthening the social and economic capital of the village community as a whole.

In terms of organizational performance, the success of the Jaya Makmur Village-Owned Enterprise (BUM Desa) is reflected in the implementation of economic strategies that directly address community needs. The capital services program provides easier access to financing compared to formal financial institutions, which often have administrative requirements that make it relatively difficult for rural communities to access. Access to business capital is a crucial factor in local economic development because it enables communities to develop productive businesses that were previously hampered by limited financial resources. Therefore, the existence of BUM Desa capital services plays a role in expanding community economic opportunities and encouraging the growth of micro-enterprises at the village level.

Village markets managed by BUM Desa also serve a strategic role as a means of distributing and marketing local products. The existence of village markets not only increases community economic activity but also strengthens the connection between local producers and consumers. In the context of local economic development, village markets serve as institutions that support economic circulation at the community level, ensuring that added economic value remains within the village. Meanwhile, village festivals offer a broader dimension, serving not only as a means of promoting local products but also as a means of developing the village's cultural identity and tourist attractions. The integration of economic and cultural aspects within village festivals demonstrates that the development strategy implemented by Village-Owned Enterprises (BUM Desa) is not solely oriented toward economic gain but also toward strengthening the community's social and cultural assets.

The impact of these various programs is evident in increased community income, the creation of new business opportunities, reduced unemployment rates, and increased community participation in village economic activities. These findings demonstrate that the success of Village-Owned Enterprises (BUM Desa) can be measured not only through the organization's financial indicators, but also through its contribution to community socio-economic development. In other words, BUM Desa's performance is multidimensional, encompassing economic, social, and community empowerment aspects.

One important contribution of this research is the discovery of an integrative model linking governance, human resource development, and community welfare. The findings demonstrate that these three aspects form a mutually reinforcing and inseparable relationship. Good governance creates an institutional system capable of ensuring effective program implementation. Furthermore, an effective institutional system enables the implementation of human resource development programs in a more targeted and sustainable manner. The increased community capacity resulting from these programs then enhances their ability to utilize the economic opportunities provided by BUM Desa. Ultimately, this process results in improved community welfare, characterized by increased income, employment opportunities, and productive economic activity.

This integrative model demonstrates that improving village community welfare cannot be achieved through strengthening economic aspects alone. Successful village development requires synergy between effective institutional governance and sustainable investment in human capacity development. Therefore, this study strengthens the argument that successful Village-Owned Enterprises (BUM Desa) are those that are able

to manage their businesses professionally while simultaneously carrying out their community empowerment functions sustainably. The theoretical implication of this finding is the need for a more holistic approach to understanding BUM Desa performance, namely by placing governance and human resource development as the primary determinants of community well-being. Practically, the results of this study can serve as a reference for village governments and BUM Desa managers in designing village development strategies oriented towards institutional strengthening, increasing community capacity, and creating sustainable well-being.

#### 4. Conclusion

This study concludes that the governance of Jaya Makmur Village-Owned Enterprise (BUM Desa) has been running well through the application of the principles of participation, policy coherence, reflexivity and adaptability, and democratic institutions. Furthermore, BUM Desa plays an active role in human resource development through various training programs, business mentoring, and community empowerment. Human resource development has proven to be a crucial factor in strengthening the performance of BUM Desa in improving community welfare. The programs implemented have been able to increase community capacity, expand business opportunities, increase income, and strengthen village economic independence. Therefore, the success of BUM Desa is determined not only by good organizational governance, but also by a commitment to developing the quality of human resources in a sustainable manner.

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