

Development Strategy of Village-Owned Enterprises (BUMDes) to Increase Village Own-Source Revenue (PADes) in Gampong Meunasah Balee, Lhoknga District, Aceh Besar Regency

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Publication Date: 2026/01/28

Abstract: This study aims to identify the obstacles encountered in the management of Village-Owned Enterprises (Badan Usaha Milik Desa or BUMDes) and to analyse the strategies applicable for increasing Village Own-Source Revenue (Pendapatan Asli Desa or PADes) in Gampong Meunasah Balee, Lhoknga District, Aceh Besar Regency. This research employs a descriptive qualitative approach with a survey method. Data were collected from 30 respondents, comprising village officials, BUMDes administrators, and community members utilising BUMDes services, through interviews, questionnaires, and documentation. The data analysis includes descriptive analysis to depict the condition of BUMDes management and SWOT analysis to formulate appropriate development strategies based on internal and external factors. The results indicate that BUMDes management continues to face various obstacles, including limited human resources, capital constraints, low community participation, and weak management and supervisory systems. Based on the SWOT analysis, several strategic alternatives were derived to optimise the role of BUMDes in increasing PADes. These include strengthening institutional capacity, enhancing administrator competence, optimising village business potential, and strengthening cooperation and stakeholder support. This study is expected to contribute to the development of policies and management practices for BUMDes as a strategic instrument in enhancing village economic independence and Village Own-Source Revenue.

Keywords: BUMDes; Village Own-Source Revenue (PADes); Development Strategy; SWOT Analysis.

How to Cite: Al Fadhri; T. Saiful Bahri; Suyanti Kasimin (2026) Development Strategy of Village-Owned Enterprises (BUMDes) to Increase Village Own-Source Revenue (PADes) in Gampong Meunasah Balee, Lhoknga District, Aceh Besar Regency. *International Journal of Innovative Science and Research Technology*, 11(1), 2008-2013. <https://doi.org/10.38124/ijisrt/26jan728>

I. INTRODUCTION

Village Own-Source Revenue (PADes) serves as a primary indicator of a village's fiscal independence in supporting governance, development, and community empowerment. According to Law Number 6 of 2014 concerning Villages, village governments are granted the authority to manage and optimise local economic potential to improve community welfare. One strategic instrument

developed for this purpose is the Village-Owned Enterprise (BUMDes), which functions as a village economic institution managing businesses, assets, and economic services based on the potential and needs of the village community (1); (2).

The existence of BUMDes is expected to act as a driving force for the village economy whilst serving as a sustainable source of revenue for the village. However, in implementation, various studies indicate that the performance of BUMDes in

many regions remains suboptimal. Frequently encountered obstacles include limited quality of human resources, weak institutional management and governance, low community participation, and ineffective planning and supervision of village businesses (3); (4) Furthermore, the success of BUMDes is significantly influenced by the village's ability to formulate development strategies that are adaptive to opportunities and challenges in both internal and external environments (5); (6).

Similar conditions are observed in Gampong Meunasah Balee, Lhoknga District, Aceh Besar Regency. Although the BUMDes has received capital support through the Village Fund (Dana Desa) and assistance from various parties, its contribution to increasing PADes has not been fully optimal. This indicates a gap between the village's economic potential and the performance of BUMDes as the managing institution of village businesses. Therefore, a comprehensive study is required to identify the obstacles in BUMDes management and to formulate appropriate development strategies to increase PADes sustainably. This research is expected to provide empirical and practical contributions to strengthening the role of BUMDes in village economic development.

II. LITERATURE REVIEW

According to (7), strategy comprises a series of crucial decisions that determine the success or failure of an organisation. Strategy functions as a framework establishing consistent behavioural patterns to create competitive advantage, aligning organisational resources with opportunities, and addressing industry environmental challenges to achieve established objectives. In the context of village governance, budget management strategies demand high discipline. (8) emphasises that regional expenditure must be supported by measurable revenue certainty and managed through the general regional cash account.

Village independence in managing development is reflected in Village Own-Source Revenue (PADes). Based on Law Number 6 of 2014, these revenue sources include business results, assets, self-help, participation, and other legitimate income. Village assets themselves may take the form of treasury land, village markets, or tourism infrastructure that must be managed productively. Increasing PADes is a strategic necessity to strengthen village fiscal capacity. Conceptually, there are three main strategies to optimise PADes:

- Optimisation of BUMDes: Professional management of BUMDes, such as in the financial services or tourism sectors, has the potential to become a sustainable source of revenue (9).
- Productive Asset Management: Utilising village assets, such as leasing land or buildings, to create economic value added (10).
- Innovation Based on Local Potential: Developing superior village products to create new employment opportunities (11).

Village-Owned Enterprises (BUMDes) are vital instruments in this strategy. Referring to the compilation of regulations Law No. 6/2014, Government Regulation No. 72/2005, Minister of Home Affairs Regulation No. 39/2010,

and Law No. 22/1999, BUMDes is defined as a legal entity business institution whose capital is majority-owned by the village and the community. Established on the principle of gotong royong (mutual cooperation), BUMDes functions not only for business development and increasing PADes but also to provide public services and empower the poor. Its management must be based on cooperative, participatory, transparent, accountable, and sustainable principles for the greatest welfare of the village community.

III. METHODOLOGY

This study utilises a qualitative descriptive approach with a survey method to analyse the management of Village-Owned Enterprises (BUMDes) and their development strategies in increasing Village Own-Source Revenue (PADes) in Gampong Meunasah Balee, Lhoknga District, Aceh Besar Regency. The research location was selected purposively, considering that the Gampong possesses an active BUMDes supported by the utilisation of the Village Fund.

The data used in this study consist of two types: primary data and secondary data. Primary data were obtained through direct interviews using questionnaires with respondents, whilst secondary data were acquired through documentation, village financial reports, regulations, and relevant literature. The population in this study includes village officials, BUMDes administrators, and community members utilising BUMDes services. Sample determination was conducted using purposive sampling with a total of 30 respondents, deemed representative of parties with direct involvement in the management and utilisation of BUMDes

Data analysis was performed using the following methods:

- Descriptive Analysis: Used to describe the collected data as it is without intending to make generalisations (12). The main objective is to provide a comprehensive understanding of the characteristics or patterns emerging from the data.
- SWOT Analysis: A strategic planning method used to evaluate Strengths, Weaknesses, Opportunities, and Threats applied in a business project or speculation. This process involves determining specific objectives and identifying internal and external factors that support or hinder the achievement of organisational goals.

IV. RESULTS

A. General Overview of the Research

Location Gampong Meunasah Balee is located in Lhoknga District, Aceh Besar Regency, covering an area of 11.2 km² (1,120 Ha) with a population of 634 people. The village possesses strategic potential due to its diverse landscape, covering coastal areas, mountains, rice fields, and plantations. The primary potential lies in the marine tourism sector, specifically the Cliff Beach, a leading tourist destination. The village's achievements are evidenced by reaching the National Top 45 of Independent Advanced Villages and ranking 7th in the Archipelago Tourism Village Competition in 2024.

BUMDes Maju Jaya Meunasah Balee, registered since 2022, serves as the main pillar in efforts to increase PADes. Managed business units include a culinary tourism area around Lampuuk Beach, accommodation provision (homestay), and environmental management through a waste bank. This BUMDes achieved 3rd Place for Innovative BUMG at the national level in 2024.

➤ *Respondent Characteristics*

The study involved 30 respondents consisting of the general public (35.5%), village officials (32.3%), and BUMDes beneficiaries (32.3%). Gender distribution shows a dominance of females (58.1%), reflecting high female involvement in the village economy. Regarding education, the majority hold high school diplomas (54.8%) and university degrees (19.4%), indicating adequate literacy capacity. The age composition is dominated by young adults (25-44 years) and older adults (45-64 years), each at 42.86%, representing a productive age group.

➤ *Condition of PADes and BUMDes*

Performance Capital Structure: BUMDes Maju Jaya's capital comes from three main components. First, capital participation from the Village Budget (APBDesa) from 2019 to 2023 totalling IDR 185,000,000. Second, capital participation from sources outside APBDesa amounting to IDR 75,000,000 in 2024. Third, government assistance totalling IDR 275,000,000. The total financial support received reached IDR 535,000,000.

Financial Performance: Total BUMDes revenue until August 2025 reached IDR 85,000,000 (IDR 30,000,000 until the end of 2024 and IDR 55,000,000 in 2025). Significant improvement in 2025 indicates better operational performance, although the scale remains relatively limited. Operational costs totalled IDR 42,000,000. BUMDes experienced an operational loss of IDR 5,000,000 in 2024 but successfully recorded a profit of IDR 48,000,000 in 2025, resulting in a total current period net profit of IDR 43,000,000. However, direct contributions to PADes in the 2024-2025

period have not been optimal due to prior losses and capital recovery priorities.

➤ *Financial Ratio Analysis:*

- ROI: 18.46% (below the minimum standard of 20%), indicating investment capital has not been utilised maximally.
- Operational Cost Ratio: 49.41% (exceeding the efficiency standard of 30-40%).
- Capital Utilisation: Very low at 32.69%, indicating idle capital where most capital is tied up in fixed assets like homestays that are not yet optimally operated.
- Profit Margin: High at 56.47%, presenting a paradox as it is accompanied by low absolute revenue volume, indicating the business is still operating on a small scale.

➤ *Obstacles in BUMDes Management Based on the Analysis, Four Main Obstacles were Identified:*

- Financial Performance Constraints: Operational instability and high operational cost ratios.
- Human Resource Capacity: Limited professionalism and lack of formal background in business management among administrators.
- Contribution to PADes: The mechanism for profit sharing to PADes is not yet routine or measurable. Profits are prioritised for reinvestment rather than contributions to the village.
- Capital and Financing: Limited capital for expansion and lack of access to external financing due to unaudited financial reports.

B. Analysis of Internal and External Strategic Factors

➤ *Internal Factor Analysis (IFAS)*

The analysis of the internal environment aims to identify the strengths and weaknesses of the BUMDes (Village-Owned Enterprise) through the Internal Factor Analysis Summary (IFAS) matrix. Based on the identification process, five strength indicators and five weakness indicators were found, resulting in a total weighted score of 3.18.

Table 1. Results of the IFE Matrix Analysis

No	Internal Strategic Factors	Weight	Rating	Score
A.	Strengths			
1	Management capacity in business planning	0.13	3	0.40
2	Village government support for BUMDes operations	0.13	4	0.50
3	Level of community participation in BUMDes activities	0.11	3	0.40
4	Existence of stable and operational business units	0.13	4	0.50
5	Level of transparency and accountability of the management	0.11	3	0.40
	Total Strength Score	0.62		2.10
B.	Weaknesses			
1	Limited human resource (HR) capacity in business management	0.08	2	0.20
2	Lack of technical training and counseling for management	0.08	2	0.20
3	Limited capital for business unit expansion	0.08	2	0.20
4	Low participation within certain community segments	0.07	3	0.20
5	Lack of innovation in developing new business types	0.08	3	0.20
	Total Weakness Score	0.38		1.00

No	Internal Strategic Factors	Weight	Rating	Score
	Total Internal Strategic Score (IFAS)	1.00		3.10

Source: Primary Data (processed), 2024

The analysis results show a total IFAS score of 3.18, which is above the average value (2.50). This indicates that the BUMDes possesses a strong internal position, with a strength-to-weakness ratio of 2.28:1. The primary strengths lie in the village government's support for operations (score 0.50) and the existence of stable business units (score 0.50).

Support from the village government is not merely normative; it is manifested in policy commitments, capital injection allocations, and concrete institutional facilitation. This support creates strong institutional synergy between the Gampong (Village) government and the BUMDes, facilitating coordination in strategic decision-making and access to village development programs (13).

Furthermore, the stability of business units serves as a crucial strategic asset, reflecting that the BUMDes has passed the initiation phase and entered the consolidation stage. The main business unit in the tourism sector has demonstrated stable performance, with total revenue reaching IDR 85,000,000 as of August 2025. This stability indicates institutional maturity and enhances stakeholder trust in the BUMDes's ability to manage the business sustainably (14).

Conversely, regarding weaknesses, the average scores show a relatively even distribution ranging from 0.17 to 0.21. The weaknesses with the highest weights are the lack of innovation in developing new business types (0.20) and low participation among certain community segments (0.20). Minimal innovation represents a strategic weakness, given that village economic dynamics require the BUMDes to be adaptive to changing community needs and market trends. Currently, business units remain concentrated in conventional sectors (tourism and culinary) without significant product diversification. Additionally, limited HR capacity (0.17) and a lack of technical training (0.19) form a cycle of weaknesses that hinders the professionalization of BUMDes management.

➤ External Factor Analysis (EFAS)

The external factor analysis aims to map the opportunities and threats influencing BUMDes development using the External Factor Analysis Summary (EFAS) matrix. The results identified five opportunity factors and five threat factors with a total weighted score of 3.10.

Table 2. Results of the EFE Matrix Analysis

No	External Strategic Factors	Weight	Rating	Score
A.	Opportunities			
1	Regulatory support strengthening BUMDes existence	0.12	4	0.50
2	Increased need for village economic services	0.10	3	0.30
3	Collaboration opportunities with external parties (Coops, SMEs)	0.11	3	0.30
4	Potential for developing new business units	0.12	3	0.40
5	Government program support (training, capital, mentoring)	0.10	3	0.30
	Total Opportunity Score	0.55		1.80
B.	Threats			
1	Dependency on village government support	0.09	3	0.30
2	Changes in policies/regulations affecting BUMDes	0.10	3	0.30
3	Fluctuating community economic conditions	0.08	3	0.20
4	Risk of low public trust in BUMDes	0.09	3	0.30
5	Instability in prices or demand for business units	0.08	3	0.20
	Total Threat Score	0.45		1.30
	Total External Strategic Score (EFAS)	1.00		3.10

Source: Primary Data (processed), 2024

The total EFAS score of 3.10 is above the median value (2.50), with an opportunity-to-threat ratio of 1.38:1. This indicates that the external environment is highly conducive to BUMDes development. The most significant opportunity stems from regulatory support (score 0.50), reflecting a strong legal foundation ranging from Law No. 6 of 2014 and Government Regulation No. 11 of 2021 to the Qanun Gampong (Village Bylaw). This formal legitimacy opens broad access to village development programs, evidenced by

the realization of assistance worth IDR 275,000,000 from various government levels.

The potential for developing new business units (score 0.40) is also a significant opportunity, considering the diverse economic potential of Gampong Meunasah Balee. An area of 1,120 hectares with varied landscapes offers expansion opportunities into fishery product processing, the creative economy, agrotourism, and tourism transport services. Business diversification is a vital strategy to mitigate the risk

of dependency on a single sector and to enhance the economic resilience of the BUMDes against market fluctuations (14).

On the other hand, the primary threats faced are the dependency on village government support (score 0.30) and potential policy changes (score 0.30). A capital structure dominated by village budget (APBDesa) equity participation (IDR 185,000,000) and government assistance (IDR 275,000,000) highlights financial vulnerability. This structural dependency risks disrupting operational continuity if there is a reduction in village budget allocations or a shift in development priorities. Furthermore, the sensitivity of the tourism sector to regulatory dynamics necessitates the anticipation of transaction costs and long-term planning.

➤ *SWOT Analysis and Development Strategy Determination*

Strategic Position of BUMDes Based on the IFAS and EFAS analysis results, the strategic position of the BUMDes was mapped using a SWOT Cartesian Diagram.

- The X-axis coordinate (Internal) was obtained from the difference between the total Strength and Weakness scores ($S - W$), which is $2.10 - 1.00 = +1.10$.
- The Y-axis coordinate (External) was obtained from the difference between the total Opportunity and Threat scores ($O - T$), which is $1.80 - 1.30 = +0.50$.
- The coordinates $(+1.10; +0.50)$ place the BUMDes in Quadrant I, known in strategic management as the Aggressive or Growth-Oriented Strategy position.

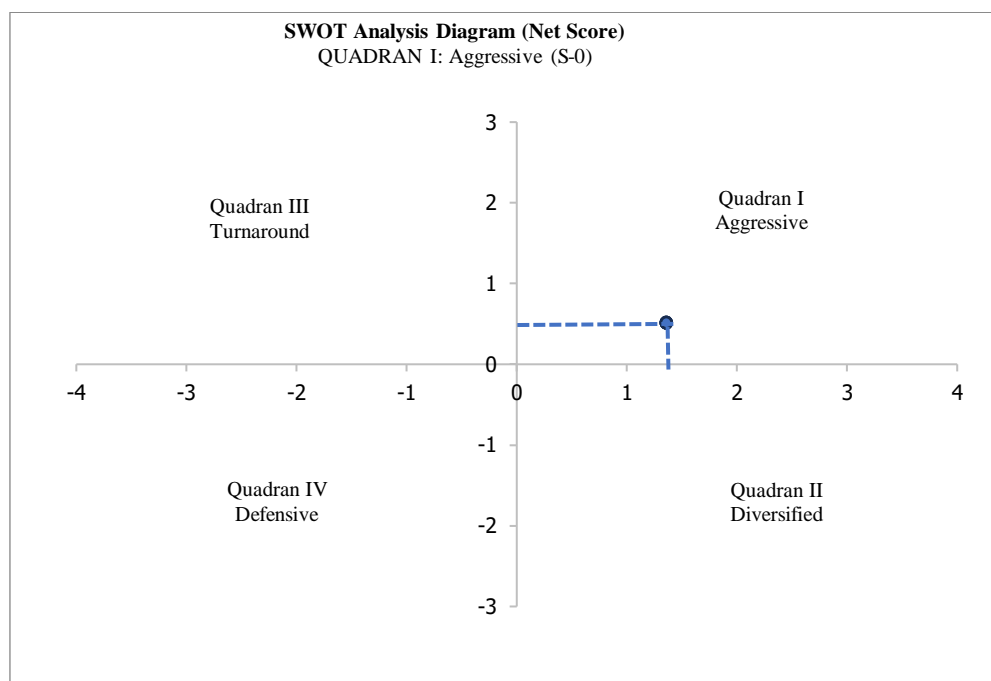


Fig 2. SWOT Quadrant Matrix

A position in Quadrant I indicates a highly favorable condition, where the BUMDes possesses dominant internal strengths to maximally capture external opportunities. The significant positive value on the X-axis $(+1.10)$ demonstrates a solid institutional foundation, supported by adequate managerial capacity, robust government support, and good transparency. Meanwhile, the positive value on the Y-axis $(+0.50)$ confirms that external opportunities outweigh threats, although the BUMDes must remain vigilant regarding potential external risks.

Referring to (15), organizations in Quadrant I are advised to implement an S-O (Strengths-Opportunities) Strategy. This strategy focuses on market expansion, the development of new products and services, and business diversification to broaden the revenue base. This position aligns with the Gampong's achievements at the national level, serving as strategic capital to achieve a quantum leap in performance toward a more advanced stage of development.

V. DISCUSSION

The findings of this study indicate that although BUMDes Meunasah Balee has received significant capital support, its contribution to PADes remains suboptimal. This condition is caused by interrelated factors, ranging from limited HR capacity and financial instability to suboptimal profit-sharing mechanisms. These findings align with (3); (4), who found that the effectiveness of village fund management through BUMDes still faces structural challenges.

The strategic position of BUMDes in Quadrant I suggests excellent prospects for development. However, as emphasised by (5), success depends on mature planning and active community engagement. Therefore, the application of aggressive strategies must be accompanied by systematic efforts to address internal weaknesses, particularly in HR capacity development and financial management systems.

The limited contribution to PADes in the current period should be understood within the context of the business development phase. As explained by public investment theory (Musgrave & Musgrave, 1989), investment in business sectors requires a time lag before generating significant returns. Thus, focusing on operational strengthening and capital reinvestment in the initial phase is a rational strategy for building long-term sustainability.

VI. CONCLUSION

Conclusion Based on the research, it is concluded that:

- **Management Obstacles:** BUMDes faces four main constraints: financial performance instability (high operational costs, low utilisation), limited HR capacity (lack of technical training), unclear profit-sharing mechanisms for PADes, and capital constraints (idle capital in fixed assets).
- **Development Strategy:** BUMDes is in Quadrant I (Aggressive). Sixteen strategic alternatives were formulated, prioritising SO Strategies such as expanding business units by leveraging regulatory support, developing partnerships with cooperatives/MSMEs, optimising government programmes, and improving accountability.

RECOMMENDATIONS

- **Policy:** The Village Government should immediately establish a Village Regulation on BUMDes Profit Sharing Mechanisms (allocating 20-30% of net profit to PADes) and form a Monitoring and Evaluation Team. Budget allocation for training is essential.
- **Operational:** BUMDes administrators must prioritise the intensification of existing assets (increasing homestay occupancy to 70%) and diversify into savings and loan units, fishery product processing, and tourism transport services.
- **Future Research:** Further research should develop prediction models for BUMDes contributions using multiple regression and conduct comparative studies between tourism and non-tourism BUMDes.

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