

VILLAGE ECONOMIC WELFARE THROUGH THE COGNITIVE ROLE OF BUMDES HUMAN RESOURCES TO IMPROVE COMPETITIVENESS LOCAL WISDOM PRODUCTS OF SERDANG BEDAGAI

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Abstract

This study explores the role of cognitive aspects of human resources (HR) in strengthening the performance of Village-Owned Enterprises (BUMDes) to increase the competitiveness of local wisdom-based products in Serdang Bedagai Regency. Although the number of BUMDes established nationally is quite significant, only a small proportion successfully contributes to rural economic growth. Using qualitative descriptive methods, data were collected through interviews, observations, and literature analysis to identify cognitive gaps among BUMDes managers in recognizing opportunities, managing resources, and innovating business strategies. The findings indicate that BUMDes often fail to align local potential with market needs, resulting in limited economic impact. Furthermore, the lack of standardized product development and market-oriented innovation weakens competitiveness. This study emphasizes that strengthening HR cognitive skills such as managerial capacity, market literacy, and an entrepreneurial mindset, combined with the operationalization of Islamic principles of *maslahah* into measurable performance indicators, can significantly improve the effectiveness of BUMDes. This study concludes that BUMDes with strong cognitive HR capabilities are better positioned to develop local products based on the creative economy, preserve village potential, and contribute to rural welfare. Practical implications are offered through an eight-step intervention model, including capacity audit, product prototyping, standardization, branding, and the creation of a *maslahah*-based performance dashboard.

Keywords: *Training, Human Resource Maintenance, Job Satisfaction, Employee Performance*

INTRODUCTION

Village-Owned Enterprises (BUMDes), as business entities that generate Village Original Income (PADes), are still considered ineffective in contributing to the village economy. As reported by the Indonesian Village-Owned Enterprises (BUMDes) Forum, only around 10% of 27,067 BUMDes are operating. The remainder are inactive, and some are operating but are not profitable, and their contribution to the village economy remains unclear. (Suryanto, 2018) Villages are not inherently lacking in potential, but the primary problem is a lack of qualified human resources. The quality of human resources is key to the success of village-owned enterprises (BUMDes). Many businesses managed by BUMDes fail and go bankrupt due to their lack of entrepreneurial and managerial skills. BUMDes have significant potential to build and improve the welfare of rural communities if managed by competent human resources. (Nurhandoko, 2019) Therefore, to achieve the goals and performance functions of a Village-Owned Enterprise (BUMDes), qualified human resources are essential. Without qualified human resources, even the most ideally formulated vision, mission, and work plan will not be effective. Human resources are the key drivers of a company, determining its success. (Haluty, 2014). Furthermore, empowering the economic potential of rural areas is a priority that must also be developed. Although currently diverse and numerous supporting infrastructure has been completed, thus facilitating community economic activities, unfortunately, BUMDes, which acts as a business entity managing village potential and assets, has not been able to fully develop village potential. Each village has a different geographic location and natural resources. BUMDes, as a business entity, must be able to analyze and determine economic potential that can be developed into superior village products. However, most BUMDes that are currently established are merely formalities. Where their

existence exists, they do not contribute to the village economy. The majority of BUMDes bankruptcies are caused by the business sectors run not aligning with the needs and economic potential of the village. Therefore, in determining the business sectors to be developed in BUMDes, it is necessary to analyze the economic potential and resources available in the relevant village. The problem discussed in this study is the large number of BUMDes from the year known but the contribution or effectiveness of BUMDes performance is still low. This is caused by the minimal number of qualified human resources who have cognitive aspects that can manage BUMDes properly. In addition, there are still many BUMDes that are unable to manage their Potential Bases to be developed into superior village products in order to encourage the village's economic potential. The urgency of this research is very important because the cognitive aspects of human resources and the economic potential of each village have a role in supporting the success of BUMDes and the effectiveness of BUMDes performance based on Maslahah is carried out to measure the extent to which BUMDes contribute to improving the welfare of village communities both materially and psychologically in carrying out its role and function as a driving body for the rural economy so that village communities are more prosperous. The novelty in this study compared to previous studies is that this study focuses on designing the cognitive aspects of qualified BUMDes human resources who have insight and competence that are able to innovate in managing the potential of the village's creative economy through BUMDes performance that is oriented towards the welfare and independence of the village economy.

LITERATURE REVIEW

The Important Role of Human Resource Quality

Source human resources (HR) is an inseparable part of the development of an organization, because the development of an organization is very much determined by the role of its human resources as a driving tool for the organization. (Lilinesia et al., 2021) Human resources are the primary potential key to success in village economic development. The rich potential a village possesses will not be able to drive economic growth and community welfare without the management of quality human resources. (Robby Hatman, 2022) Therefore, it is crucial to improve the quality of rural human resources. Community development can be achieved through mentoring, outreach, empowerment, and education based on application and implementation that fosters an entrepreneurial spirit. Well-identified village potential, then managed into something of higher quality and carried out by reliable human resources, ensures that sustainable village development will naturally be established and prosperity achieved. (Rahmawati, 2020).

BUMDes and management of Village Original Potential

The original potential of each village which is a characteristic and unique characteristic of the village, namely including geographical location, natural resources, human resources and culture in the village. As a village-owned enterprise (BUMDES), a driving force for the rural economy, it will certainly not be efficient in optimizing its performance if it fails to manage its potential into superior village products. Properly identified village potential, then managed into something of higher quality, can certainly drive sustainable village development. (Rahmawati, 2020)

Development and Management of Creative Economic Potential in Villages

As is commonly known, there has been a shift in economic orientation, developing into the creative economy. The creative economy focuses on benefits that are not simply profit-oriented, but also cultural, natural, moral, and environmental benefits for the community. (Jihan et al., 2021) A creativity-based economy relies on innovative human resources to create valuable goods. Therefore, further development of the creative economy can foster entrepreneurship and entrepreneurs within the community. (Fitriadi et al., 2021). Various natural resources, culture, arts and crafts and culinary products, processed and presented containing elements of local wisdom creativity, can certainly be developed into creative economic potential which should be packaged into BUMDes products so that they can support the village economy. (Aysa, 2020).

Effectiveness of BUMDes performance based on Maslahah

Organizational performance is the result of work achievements in carrying out task functions during a certain period according to the standards and criteria set in the organization's objectives. Two things that can measure organizational performance are productivity and innovation. Productivity is an aspect of performance regarding how much a product must be produced, while innovation is an aspect to look ahead to make changes. BUMDes is a business entity observed by the government to be able to contribute to developing village potential

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while being able to encourage village economic activity. In describing BUMDes productivity, as a business entity, it must be able to produce a product where the product must be developed from the results of innovation of the village's economic potential and participate in village economic activities. BUMDes-based masalahah itself is intended to be a BUMDes performance orientation that refers to the welfare of all village communities. (Syafrizal et al., 2022).

Maslahah

Maslahah is basically an expression of attracting benefits and rejecting harm, but that is not what we mean because attracting benefits and rejecting harm is the goal of creatures (humans), and the goodness of these creatures will be realized by achieving their goals. What we mean by benefit is maintaining the goals of the Shari'a or Islamic law, and there are five goals of Shari'a for creatures, namely maintaining their religion, soul, mind, offspring (some say lineage and honor), and their property. Anything that contains efforts to maintain these five principles is called masalahah and anything that eliminates these five principles is called mafasadat (Rodi Syafrizal, 2019). The way to achieve this goal is by promoting fallah which refers to the welfare of all people living on earth regardless of nation, race, religion etc. (Syafrizal & Fitriyaningsih, 2021). According to Al-Syatibi, human welfare can be realized if the five basic elements of life are realized and maintained as well as possible, namely maintaining religion, soul, mind, descendants, and property. In evaluating the social performance of companies based on Islamic principles, Masalahah Daruriyah is a concept that must be used to assess the achievement of the welfare of a performance that has been carried out by the company itself as a benchmark of the results of the work that has been done (Syafrizal & Fitriyaningsih, 2021).

METHOD

This study uses a qualitative method with a descriptive approach used to describe data and information by analyzing existing theories. so that researchers obtain accurate data on a problem and object in a particular area so that they can describe a situation as clearly as possible. In a qualitative approach, researchers carry out Data Reduction, Data Presentation and Conclusion Drawing/Verification from the information from the interview results so that researchers can identify the obstacles and problems faced by BUMDes HR in managing village potential. (Fadl, 2021).

RESULTS AND DISCUSSION

Based on the results of qualitative research using a descriptive approach conducted through interviews, observations, and document analysis, it was found that the cognitive role of human resources (HR) in BUMDes remains a dominant factor in determining the effectiveness of BUMDes performance. The lack of managerial capacity, entrepreneurial skills, and innovation in managing village potential has resulted in most BUMDes being unable to make a significant contribution to improving community welfare. The discussion of the results of this study is as follows:

Cognitive Aspects of Human Resources in Serdang Bedagai Regency

The number of BUMDes continues to grow, but only a small fraction actually operate and impact the village economy. The root of the problem is not a lack of potential, but rather the quality of the human resources who manage them. This fact confirms the initial hypothesis that the cognitive aspects of human resources (how to think, reason, analyze the market, and innovate) are the main differentiator between BUMDes that are merely administrative and BUMDes that are productive and innovative. The implication is that performance interventions must not stop at technical training; they must shift the mindset from "managing assets" to "creating value" that is relevant to market needs and local strengths. Managers are strong in administrative aspects, but weak in opportunity recognition, market literacy, problem solving, and an entrepreneurial mindset. As a result, business decisions are often based on habits, rather than the results of market observations/analyses.

Potential and Advantages of Local Wisdom Products in Market Access

Many Village-Owned Enterprises (BUMDes) have not conducted an in-depth analysis of local potential, resulting in businesses that are not relevant to community needs or market competitiveness. However, if local potential based on local wisdom is properly managed, village products can become competitive products. The literature emphasizes that identifying local potential (geographical, natural resources, human resources, and culture) must be followed by curation and packaging into superior products, not simply an inventory of assets.

Many failures occur because the choice of business sector is not aligned with market potential and needs. At this point, a relevant creative economy has value not only by supporting the village financially, but also by supporting its culture, nature, and morals, and its driving force is innovative human resources. This implies the importance of the capacity to formulate product narratives, packaging/branding designs, and appropriate distribution models (offline and online). Most Village-Owned Enterprises (BUMDes) in Serdang Bedagai Regency have not mapped potential (natural resources, culture, and human resources) into a unique village value proposition. Business sectors are often chosen because they are "commonly practiced," rather than because they fit the local potential base, resulting in low market absorption and low margins. The richness of local wisdom (crafts, culinary arts, arts, and agro-maritime) has not yet been packaged in design/branding, quality standards, place-based storytelling, and digital channels. Yet, the creative economy demands innovation based on creative human resources and networks, not just the production of goods.

BUMDes and Masalahah Orientation in Village Economic Performance

Maslahah theory studies teach that village economic development is not solely oriented toward profit, but also toward sustainability, justice, and collective well-being. This orientation encompasses the preservation of religion, life, intellect, posterity, and property (Syafrizal & Fitrianiingsih, 2021). In the context of Village-Owned Enterprises (BUMDes), the masalahah principle should guide business selection, profit management, and fair and transparent governance. However, the reality on the ground shows that many BUMDes have not integrated masalahah principles into their operations. Business decisions are based primarily on practical and short-term factors, rather than long-term benefits. However, the literature shows that organizations that internalize masalahah principles are better able to create sustainable prosperity because their performance is measured not only by productivity but also by moral, social, and spiritual aspects.

Implications of Cognitive Transformation of BUMDes Human Resources

Based on these findings, the primary solution is not simply technical training, but rather cognitive transformation of BUMDes human resources. This transformation includes:

- Managerial and cognitive capacity audit to identify management weaknesses.
- Improving market literacy and entrepreneurship so that managers are able to read consumer trends and respond to market dynamics.
- Strengthening innovation based on the creative economy, for example through product standardization, branding, and digital marketing.
- Integration of masalahah principles in performance indicators, so that the success of BUMDes is not only measured by profit, but also by its usefulness to the village community.

Thus, the results of this study confirm that the development of BUMDes requires intervention in the cognitive dimension of human resources, not only in financial capital or infrastructure.

CONCLUSION

This study concludes that the root cause of the low effectiveness of Village-Owned Enterprises (BUMDes) in Serdang Bedagai Regency lies in the weak cognitive aspects of the human resources (HR) managers. Although villages possess rich natural resources, culture, and local wisdom, limited managerial skills, market literacy, and innovation prevent these potentials from being optimized into superior village products. The study's more in-depth conclusions are as follows:

1. The cognitive aspect of BUMDes HR is a factor **determinant** Organizational success in developing products based on local wisdom. Low analytical skills, creativity, and data-driven decision-making have resulted in many BUMDes remaining largely administrative.
2. The disconnect between local potential and market needs is one of the main factors in the failure of BUMDes. The products they develop lack differentiation and are unable to compete in the modern market.
3. Integration of the principle of masalahah in the management of BUMDes is not yet optimal, even though this principle is able to encourage sustainable welfare and create added moral, social and spiritual value.
4. The intervention needed is cognitive transformation of human resources., including strengthening managerial capacity, market literacy, entrepreneurial mindset, and creative economy-based innovation.

Thus, this research makes a significant contribution to the development of theory and practice. Theoretically, this study broadens understanding of the relationship between cognitive aspects of human resources, the creative economy, and the principle of masalahah (benefit) in village development. Practically, this study recommends an

intervention model for strengthening BUMDes' human resources based on capacity audits, product standardization, branding, digitalization, and masalah performance indicators.

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