

An Analysis of the Financial Performance of BUMDes in Enhancing Village Revenue: A Case Study of Rejoagung Village, Kedungwaru District, Tulungagung Regency.

Rizki Pratama¹, Edi Murdiyanto², Agung Pambudi Mahaputra³.

^{1,2,3}Faculty of Economics, Department of Management, Islamic University of Kadiri, Indonesia

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ABSTRACT

This study aims to analyze the financial performance of Rejoagung Makmur Village-Owned Enterprise (BUMDes) in Rejoagung Village, determine the contribution of BUMDes financial management to increasing village original income (PADes), and identify supporting and inhibiting factors in BUMDes financial performance. The method uses a quantitative approach with multiple linear regression analysis techniques. The financial ratios analyzed include profitability and operational efficiency. The calculation results show that Rejoagung Makmur BUMDes has quite good financial performance. Partial tests show that liquidity has a significant effect on village original income with a significance value of 0.010 and a contribution of 42.0%. Profitability also has a significant effect with a significance value of 0.004 and a contribution of 42.7%. Operational efficiency has a significant effect with a significance value of 0.014 and a contribution of 58.8%. Furthermore, simultaneous tests show that the three variables together have a significant effect on PADes with a significance value of 0.000 and a contribution of 67.4%. This study provides strategic recommendations for strengthening BUMDes institutions and governance in a sustainable manner.

Corresponding Author:

Rizki Pratama,
Faculty of Economics, Department of Management, Islamic University of Kadiri
Email: rztama4899@gmail.com

INTRODUCTION

Villages play a strategic role in national development, particularly as centers of community-based economic activity. Under Law Number 6 of 2014 concerning Villages, villages are authorized to independently manage assets and resources to support economic independence and community welfare. To achieve this goal, the government is encouraging the establishment of Village-Owned Enterprises (BUMDes), in accordance with Government Regulation Number 11 of 2021 concerning Village - Owned Enterprises, as village economic institutions capable of managing local potential and improving the welfare of local communities.

Village-Owned Enterprises (BUMDes) are an innovation in village economic management that enables communities to participate in local business development. Their function is to drive the village economy through the management of business units based on local needs. With optimal management, BUMDes can make a significant contribution to Village Original Income (PADes), which in turn is used to finance various village development programs, such as infrastructure improvements, community empowerment, and public services. With a strong legal foundation through Government Regulation Number 11 of 2021 concerning Village-Owned Enterprises, BUMDes is expected to be a solution for

maximizing village potential. Furthermore, BUMDes is also a strategy in supporting the Sustainable Development Goals (SDGs), particularly goal number 8, which is to encourage inclusive and sustainable economic growth and create decent jobs for all.

RejoagungMakmur Village-Owned Enterprise (BUMDes) in Rejoagung Village, Kedungwaru District, Tulungagung Regency, was established in 2016 and manages various business units, such as Guava Garden Tourism, Guava Garden Stall, Wifi Services, and Savings and Loan Unit. In recent years, this BUMDes has contributed to village income, but the results have not been optimal. One of the main problems faced is suboptimal financial performance, as indicated by inconsistent financial reports and limited asset management. This BUMDes has a vision to improve the standard of living of the Rejoagung village community and contribute to Village Original Income (PADes).

However, in practice, the financial performance of this BUMDes still faces several challenges. Based on preliminary data collected, the BUMDes' contribution to PADes (Village-Owned Enterprise) is still around 10%, which is considered suboptimal compared to Rejoagung Village's potential. Furthermore, issues such as ineffective financial management, a lack of human resource capacity, and weak oversight of BUMDes operations are also major obstacles to achieving this goal. Financial performance is a crucial indicator for evaluating the success of a Village-Owned Enterprise (BUMDes) in carrying out its duties. According to Kasmir (2017), financial performance can be assessed through financial ratio analysis, such as liquidity, profitability, and efficiency. These ratios not only indicate an entity's financial condition but also measure the extent to which resources have been used effectively and efficiently. By evaluating financial performance, BUMDes can improve its management system, thereby further increasing its contribution to village revenue.

Furthermore, the success of a Village-Owned Enterprise (BUMDes) depends not only on financial management but also on the innovation and sustainability of the business. To achieve this, BUMDes managers need to understand various supporting factors, such as the village's economic potential, the role of the community, and support from the village government. Conversely, inhibiting factors such as limited access to capital, weak management capacity, and competition in the local market must also be strategically addressed. Rejoagung Village has significant economic potential for development. It is known for (mention specific potential, such as superior agricultural products, livestock, or small and medium-sized industries). With a population largely of productive age, there is a significant opportunity to empower the community through village-owned enterprise (BUMDes) programs based on local needs. However, if BUMDes management is not optimal, this potential will be difficult to realize.

In this context, research on the financial performance of the RejoagungMakmur Village-Owned Enterprise (BUMDes) is highly relevant. This study aims not only to evaluate the BUMDes' financial performance through financial ratio analysis but also to identify supporting and inhibiting factors that influence BUMDes operations. Furthermore, this study aims to evaluate the BUMDes' contribution to increasing Village-Owned Enterprise (PADes) revenue (PADes), thus providing concrete recommendations for BUMDes managers and the Rejoagung Village government. The results of this study are expected to:

Provides a clear picture of the financial condition of RejoagungMakmur Village-Owned Enterprise (BUMDes).

1. Provides a clear picture of the financial condition of RejoagungMakmur Village-Owned Enterprise (BUMDes).
2. Provides practical solutions to improve BUMDes' financial performance.
3. Encourages village managers and government to better utilize local potential to improve community welfare.

4. Serves as a reference for other villages seeking to optimize the role of BUMDes in economic development.

Research (Fauzan&DefitriRusdiyanti, 2022) shows that "the liquidity ratio is in the poor criteria, indicating potential liquidity problems." Conversely, the solvency ratio shows very good results, reflecting effective capital management without bank debt. The activity ratio is also very good, indicating efficiency in the use of assets to generate income. However, the profitability ratio shows less good results, indicating challenges in generating profits. (Maharyani et al., 2018) that "The Current Ratio is in the Poor criteria, indicating a low ability to pay current debt. Conversely, the Debt to Equity Ratio is classified as Very Good, indicating good debt repayment ability. Return on Equity is in the Adequate category, reflecting capital optimization that is starting to be seen."

This study provides recommendations for improving the future financial performance of Village-Owned Enterprises (BUMDes). (Sari et al., 2022) showed that "working capital, accountability, and environmental turbulence have a significant positive influence on the financial performance of BUMDes in Banda Aceh City." Although transparency and community participation are also considered important, neither shows a significant partial influence. The method used is multiple linear regression analysis with primary data from 54 respondents. These results emphasize the need for improvements in capital management and accountability to improve BUMDes' financial performance, especially in facing challenges posed by unstable environmental conditions.

Thus, this research is expected to provide concrete recommendations for the management of the RejoagungMakmurBUMDes and the Rejoagung Village government. Thus, the research results can serve as a reference for improving the BUMDes' financial performance and optimizing its contribution to village economic development. More broadly, this research can also provide insights for other villages facing similar challenges in BUMDes management, and can also serve as an academic contribution supporting the development of literature on BUMDes financial management in Indonesia.

LITERATURE REVIEW

Management can be defined as the process of planning, organizing, implementing, and controlling resources to achieve goals effectively and efficiently (Terry, 2010). According to Robbins and Coulter (2018), "management involves organizing and directing others to achieve organizational goals through optimal resource allocation." Handoko (2011) states that management is "the art and science of planning, organizing, directing, and controlling the efforts of organizational members and utilizing all organizational resources to achieve predetermined goals." Finance, according to Weston and Copeland (2010), is "the study of how individuals, companies, and organizations allocate their financial resources to achieve specific goals." Finance involves managing assets, liabilities, and capital with the goal of creating value. Another definition, according to Brigham and Houston (2021), states that "finance is concerned with investment, financing, and asset management decisions, considering risks and expected returns." Financial management is a branch of management that focuses on the efficient management of an organization's or company's funds. According to Gitman (2015), financial management includes planning, budgeting, cash flow management, risk analysis, and investment decision-making.

Village-Owned Enterprises (BUMDes) are business entities established by villages and managed by the village government and the community to utilize village assets and potential to improve community welfare. According to Suwandi (2017), the formation of BUMDes serves as an instrument for:

1. Increasing Village Income (PADesa)Providing a sustainable source of village income.
2. Empowering Local CommunitiesProviding job opportunities and improving the skills of village communities.

3. Optimizing Village PotentialManaging local potential to drive the village economy.

4. Law No. 6 of 2014 states that BUMDes aims to create village independence through the management of productive businesses based on local wisdom.

Supriyanto's (2020) research shows that "improving the performance of BUMDes contributes significantly to increasing PADesa." The study states that villages with BUMDes with good governance experience an increase in PADesa of up to 40% compared to villages without BUMDes. In addition, a study conducted by Fitria and Harjanto (2018) revealed that BUMDes plays a role as a catalyst in village economic development through reinvestment of profits into infrastructure development and public services.

Village Original Income (PADes). BUMDes performance is influenced by interrelated internal and external factors.

1. Internal Factors

- a. Governance Research by Raharjo and Utami (2021) states that good governance, including transparency, accountability, and community participation, is a key indicator in improving BUMDes performance.
- b. Management. Yusuf's (2019) study shows that organized management, with competent leaders, is the key to managing village businesses productively.
- c. Productivity16According to Wibowo (2020), the level of productivity of BUMDes businesses is greatly influenced by efficiency in resource allocation and product or service innovation.

2. External Factors

- a. Business EnvironmentA study by Kurniawan (2020) shows that good market access and partnerships with external parties (such as the private sector or local government) increase the competitiveness of BUMDes.
- b. Government PolicyAccording to Suwito and Prasetyo (2022), support in the form of regulations, subsidies, or training from local governments is very helpful in increasing the sustainability of BUMDes businesses.
- c. Socio-economic conditionsRahmawati's (2020) research states that the level of community education and local entrepreneurial culture greatly influence the operational success of BUMDes.

Empirical Study on BUMDes Performance in Indonesia: A study by Yuliana (2021) found that village-owned enterprises (BUMDes) with businesses based on local resources, such as agriculture and tourism, performed better than those based on general trade. This is because locally based businesses are more readily accepted by the community and more resilient to market competition.

Case Studies of Successful Village-Owned Enterprises in Indonesia: The case of the TirtaMandiri Village-Owned Enterprise (BUMDes) in Ponggok Village, Klaten, serves as a successful example. According to Purnomo (2019), this BUMDes' success lies in its innovative water tourism management, effective promotion, and community involvement. In 2020, this BUMDes generated up to IDR 15 billion in revenue, the majority of which was used to develop village infrastructure.

The Role of BUMDes in Village Economic DevelopmentResearch by Susilo (2022) states that the role of BUMDes is very strategic in:

1. Driving the village economy: Creating local business opportunities and increasing people's purchasing power.
2. Improving village infrastructure: BUMDes profits are used to build public facilities such as roads and clean water facilities.
3. Minimizing labor migration: By providing local jobs, BUMDes helps curb the rate of urbanization.

This research framework describes the relationship between BUMDes performance, the factors influencing it, and its impact on village income. Based on previous literature, internal and external factors are identified as the primary drivers in improving BUMDes performance. This framework of thought can be visualized as follows:

1. Internal factors (governance, management, productivity) and external factors (business environment, government policies, socio-economic conditions) influence BUMDes performance.
2. BUMDes performance contributes to increasing village income through productive businesses and optimization of village assets.
3. Increasing village income has a positive impact on local economic development and community welfare.

The Relationship between BUMDes: Financial Performance and Village Income: Financial performance is one of the main indicators in determining the success of an organization or company, including village-owned enterprises (BUMDes). According to Fahmi (2014), financial performance reflects an organization's achievements in managing finances to achieve specific goals. In the context of BUMDes, good financial performance demonstrates the efficiency and effectiveness of business management in increasing village revenue. According to Harahap (2015), financial performance analysis involves evaluating aspects of liquidity, solvency, profitability, and operational efficiency. When a BUMDes (Village-Owned Enterprise) performs well financially, surplus revenue can be allocated as a contribution to Village Original Income (PADesa). Research by Wijaya and Hartanto (2020) shows that there is a positive relationship between BUMDes financial performance and village income, where an increase in BUMDes profits can increase PADesa by 25%-40%.

Relationship between Internal Factors and BUMDes Financial Performance: Internal factors such as governance, productivity, and management competence play a crucial role in determining the financial performance of BUMDes. According to Siagian (2014), good governance encompasses transparency, accountability, and community participation, all of which contribute to the operational effectiveness of BUMDes. A study conducted by Raharjo and Santoso (2019) entitled "The Influence of Governance and Management on the Financial Performance of Village-Owned Enterprises in Central Java" found that good governance significantly impacts financial performance, with a coefficient value of 0.312 and a significance level of 0.000. This indicates that strengthening internal governance is essential to support the sustainability of Village-Owned Enterprises (BUMDes) businesses.

Relationship between External Factors and BUMDes Financial Performance: External factors such as government policy support, community socioeconomic conditions, and the business environment influence BUMDes operations. According to Kotler and Keller (2016), a conducive external environment can create opportunities for business development, particularly in the microeconomic sector, such as BUMDes. A study by Kurniawan and Fadhilah (2021), titled "The Influence of Government Support on the Performance of Village-Owned Enterprises (BUMDes) in Sleman Regency," found that support in the form of managerial training, access to capital, and regulatory strengthening contributed significantly to improving BUMDes performance. These findings demonstrate that collaboration between the government and BUMDes is crucial for creating a supportive environment for business growth.

Relationship between Village Income and Village Development: Increased village income directly contributes to village development. According to Law No. 6 of 2014 concerning Villages, Village Original Income (PADesa) is used to fund various needs, including infrastructure, community empowerment, and public services. A study by Supriyanto (2020) entitled "The Influence of Village Income on Improving Community Welfare in Tulungagung Regency" shows that a 10% increase in Village-Generated Revenue (PADesa) can increase the village development index by up to 15%. This underscores the importance of optimizing village income through Village-Owned Enterprises (BUMDes) as a source of PADesa.

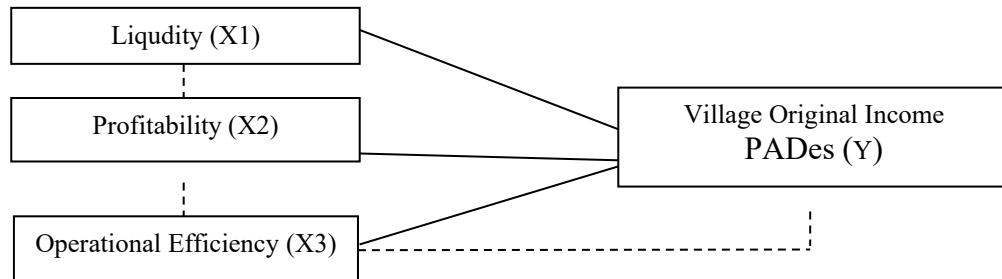


Figure 1. Framework of Thinking

The three independent variables (X1, X2, X3) are assumed to have a positive relationship with the dependent variable (Y), which is analyzed to determine the contribution of each to increasing PADes. According to Rahmadi (2011), a hypothesis is a temporary conclusion whose truth must be tested, or it can be called a temporary answer to the problem being researched. In this research, the hypothesis is formulated as follows:

Liquidity is the ability of a Village-Owned Enterprise (BUMDes) to meet its short-term obligations. BUMDes with good liquidity tend to have sufficient capacity to fund business operations, thus contributing to village revenue. Research by Setiawan & Yulianti (2021) found that liquidity significantly influences village revenue growth. It is suspected that there is an influence between BUMDes liquidity and increasing village income:

H₀ : It is suspected that BUMDes liquidity does not have a partial effect on increasing village income.

H_{a1} : It is suspected that BUMDes liquidity has a partial effect on increasing village income

Profitability reflects the extent to which a BUMDes (Village-Owned Enterprise) is able to generate profits from the assets or capital used. High profitability indicates effective BUMDes financial management, which ultimately contributes to village revenue. According to research by Rahayu et al. (2020), "profitability has a positive and significant effect on increasing village revenue." It is suspected that there is an influence between BUMDes profitability and increasing village income:

H₀ : It is suspected that the profitability of BUMDes does not have a partial effect on increasing village income.

H_{a2} : It is suspected that the profitability of BUMDes has a partial influence on increasing village income.

Operational efficiency reflects the extent to which a Village-Owned Enterprise (BUMDes) is able to optimally manage its resources to produce maximum output at minimal cost. A high level of efficiency indicates that a BUMDes can conduct business activities with minimal waste and low costs, thereby supporting business sustainability and increasing village income. According to research by Santoso (2020), "operational efficiency has a positive and significant impact on BUMDes financial performance which has an impact on increasing overall village income." It is suspected that there is an influence between BUMDes operational efficiency and increasing village income:

H₀ : It is suspected that the operational efficiency of BUMDes does not have a partial effect on increasing village income.

H_{a3} : It is suspected that the operational efficiency of BUMDes has a partial effect on increasing village income.

Liquidity, profitability, and operational efficiency are three critical components in assessing the financial performance of village-owned enterprises (BUMDes). These three factors complement each other in creating financial stability and increasing BUMDes' contribution to village revenue. According to Setiawan&Yulianti (2021) and Rahayu et al. (2020), the combination of these three factors significantly influences village revenue growth. It is suspected that there is a simultaneous influence between liquidity, profitability, and operational efficiency on increasing village income:

H₀ : It is suspected that liquidity, profitability, and operational efficiency of BUMDes do not have a simultaneous effect on increasing village income.

H_{a4} : It is suspected that liquidity, profitability, and operational efficiency of BUMDes have a simultaneous influence on increasing village income.

RESEARCH METHOD

The scope of this research is the financial management of BUMDes financial performance, which focuses on the influence of independent variables (X1) business income, (X2) resource management efficiency, and (X3) capital management on the contribution of BUMDesRejoagungMakmur to Village Original Income (PADesa) in Rejoagung Village, Kedungwaru District, TulungagungRegency. This research uses a descriptive quantitative approach (Musianto, 2002), which is a "research method that aims to describe the characteristics of a population or phenomenon using numerical data." This method focuses on the collection and analysis of statistically measurable data to provide a clear picture of the variables being studied. In this research, researchers not only collect data but also analyze it to find patterns or trends that provide useful information for decision-making and further planning in various fields, such as education, health, and social. Thus, this research becomes an important tool in understanding social phenomena objectively and systematically.

Research Location: This research was conducted at the RejoagungMakmur Village-Owned Enterprise (BUMDes), located at Jl. Pahlawan Gg. III No. 07 RT 01 RW 02 Dusun Rejoagung, Rejoagung Village, Kedungwaru District, Tulungagung Regency. The reason for choosing this location was due to considerations related to the ease of obtaining research data and the main problem, namely, analyzing the financial performance of the BUMDes towards the influence on increasing Village Original Income (PADes).

Population according to Sugiyono (2013:80), population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn. The population in this study is all administrators and business units incorporated in the Rejoagung Village-Owned Enterprise (BUMDes), Kedungwaru District, Tulungagung Regency, in 2023–2024. This population was chosen because they are the parties directly involved in the management and financial reporting of BUMDes and play an important role in efforts to increase village income. Thus, all BUMDes administrators are the main data source that can provide relevant information regarding the financial performance of the institution.

According to Sugiyono (2013:81), a sample is a portion of the population's size and characteristics. The sample in this study comprised all 35 members of the population, including all BUMDesRejoagung administrators and related parties actively involved in financial activities during the 2023–2024 period. Because the population is relatively small and fully accessible, all elements of the population were sampled. This approach ensures that the data obtained is comprehensive and represents the actual state of BUMDes' financial performance. This study uses a saturated sampling technique (*total sampling*), a sampling technique in which all members of the population are used as samples. This technique is used because the population is relatively small and all members are considered to have an

important role in providing the required data (Sugiyono, 2013:85). By using saturated samples, researchers can obtain a comprehensive and accurate picture of the financial performance of the Village-Owned Enterprise (BUMDes) and its contribution to directly increasing the income of Rejoagung Village.

A commonly used data analysis method using SPSS for variables x1, x2, and x3 against Y is multiple linear regression analysis. This method is used to test the influence or relationship between three independent variables (x1, x2, x3) on one dependent variable (Y).

The models generally used are: $Y=a+b_1X_1+b_2X_2+b_3X_3+e$, Where:

- Y = variable dependen,
- X1, X2, X3 = variable independen,
- aa = constanta,
- b1, b2, b3 = regression coefficient of each variable,
- ee = error or residual.

T Test Values in SPSS

- t-value: The test statistic showing the ratio of the coefficient estimate to its standard error.
- Degrees of Freedom (df): Number of observations minus the number of parameters estimated, available in the output.
- p-value (Sig.): Significance level to determine if the coefficient is statistically different from zero. If $p < 0.05$, the variable significantly affects the dependent variable.
- This information is found in the Coefficients table under the columns labeled "t" and "Sig." in SPSS output for regression.

F Test Values in SPSS

- F-value: Ratio of the variance explained by the model to the unexplained variance, calculated as Mean Square Regression divided by Mean Square Residual.
- Degrees of Freedom: Two values, numerator df (number of predictors) and denominator df (sample size minus number of predictors minus one).
- p-value (Sig.): Significance level that tests if the overall regression model is a good fit. If $p < 0.05$, the model significantly explains the dependent variable variance.
- This is found in the ANOVA table in SPSS output, with columns labeled "F" and "Sig.".

RESULTS AND DISCUSSIONS

Descriptive Statistical Analysis

The establishment of BUMDes will be an instrument for the formation and increase of Village Original Income (PADesa). The formation of this PADesa will become the capital for the formation of development activities through local (village) initiatives, thereby gradually reducing dependence on the central government, provincial government, and local government. With the availability of PADesa, village governments will have the ability to plan and implement rural development to escape poverty because they will have the ability to provide infrastructure and other essential facilities without simply waiting for development from the central government, provincial government, and local government. BUMDes REJOAGUNG MAKMUR was initially formed based on Rejoagung Village Regulation No. 05 of 2016, dated July 30, 2016 and its management was determined in the Decree of the Head of Rejoagung Village engaged in various types of economic activities which include: Shop Business Unit, Shophouse Unit, Culinary Unit, Multipurpose Building Management Unit, PKL Unit, Parking Service Unit, by prioritizing a

sense of togetherness, family and will be accounted for at every Annual Member Meeting of BUMDes "REJOAGUNG MAKMUR". By looking at the Rejoagung village area which is adjacent to the sports center, the main potential that will be explored is in the field of parking services and the trade economy will be centered at Rejoagung Field. Besides being close to the sports center, Rejoagung Village is also crossed by a highway, making it a strategic location for economic activity in the area and beyond. Based on these things and due to the reorganization of the management and the spread of COVID-19, preparations for activities and locations will only be made. BUMDes REJOAGUNG MAKMUR will only be able to actively operate in the trade and economic sector when conditions improve and allow for business operations.

Table 1. Reliability Test Results

Variables	Mark Cronbach's Alpha	Information
Liquidity (X1)	0,721	Reliable
Profitability (X2)	0,734	Reliable
Operational Efficiency (X3)	0,705	Reliable
Village Original Income (Y)	0,746	Reliable

Based on the results of the reliability test above, it can be concluded that in this study all instruments for each variable are said to be reliable.

Normality test was carried out using the method *Kolmogorov-Smirnov*. The criteria for normally distributed data is a significance value > 0.05 . The following are the results of the normality test:

Table 2. Normality Test Results

Variables	Significance Value	Information
Liquidity (X1)	0,134	Normal
Profitability (X2)	0,200	Normal
Operational Efficiency (X3)	0,176	Normal
Village Original Income (Y)	0,141	Normal

Based on the results of the normality test, it can be described that in this study, significant values were found in each variable, namely liquidity ($0,134 > 0,05$), profitability ($0,200 > 0,05$), operational efficiency ($0,176 > 0,05$) and local revenue ($0,141 > 0,05$) so that it can be concluded that the data in this study is normally distributed.

The linearity test is carried out to determine the linear relationship between each variable X (X1, X2, and X3) with Y. The relationship between variable X and Y can be said to be linear if the value is *significant from linearity* or the linearity significance is above 0.05. The following are the results of the linearity test:

Table 3. Linearity Test Results

Connection	Significance Linearity	Information
Liquidity → Village Original Income	0,269	Linear
Profitability → Village Original Income	0,311	Linear
Efficiency → Village Original Income	0,197	Linear

Based on the results of the linearity test above, it can be said that the relationship between liquidity and original village income ($0,269 > 0,05$), the relationship between profitability and original village income ($0,311 > 0,05$), and the relationship between efficiency and original village income ($0,197 > 0,05$) are each linear.

Descriptive analysis aims to obtain a general overview of each variable based on the mean and standard deviation of respondents' scores. The following are the results of the descriptive test:

Table 4. Descriptive Analysis Results

Variables	Mean	Standard Deviation
Liquidity (X1)	4,02	0,52
Profitability (X2)	4,15	0,47
Operational Efficiency (X3)	3,91	0,55
Village Original Income (Y)	4,22	0,49

Based on the results of the descriptive analysis above, the liquidity variable obtained a value of *mean* of 4.02 with a standard deviation value of 0.52. Then, for the profitability variable, the value obtained *mean* of 4.15 with a standard deviation value of 0.47. In the operational efficiency variable, the value obtained is *mean* of 3.91 with a standard deviation value of 0.55. Also, for the original village income variable, the value obtained is *mean* of 4.22 with a standard deviation value of 0.49.

Hypothesis testing was conducted using multiple linear regression. The test results showed that all independent variables (X1, X2, and X3) had a partial or simultaneous effect on the dependent variable (Y) with a significance value <0.05 . Therefore, all hypotheses (H1, H2, H3, and H4) were accepted.

Table 5. Partial Test Results

Variables	t-count	Significance	Information
Liquidity (X1)	2,721	0,010	Ha1 accepted
Profitability (X2)	3,046	0,004	Ha2 diterima
Operational Efficiency (X3)	2,558	0,014	Ha3 diterima

1. Based on the partial test results above, it can be described that a significance value of $0.010 < 0.05$ was found in the partial influence of liquidity on regional original income, so it can be said that hypothesis 1 (Ha1) is accepted where there is a partial influence of liquidity on regional original income of BUMDesRejoagung. The higher the level of liquidity, the higher the regional original income and on the other hand, the lower the level of liquidity, the lower the regional original income.
2. Then, a significance value of $0.004 < 0.05$ was found on the partial influence of profitability on local revenue so that it can be said that hypothesis 2 (Ha2) is accepted where there is a partial influence of profitability on local revenue of BUMDesRejoagung. The higher the level of profitability, the higher the local revenue and vice versa, the lower the level of profitability, the lower the local revenue.
3. Furthermore, a significance value of $0.014 < 0.05$ was found on the partial influence of operational efficiency on local revenue so that it can be said that hypothesis 3 (Ha3) is accepted where there is a partial influence of operational efficiency on local revenue of BUMDesRejoagung. The higher the level of operational efficiency, the higher the local revenue and vice versa, the lower the level of operational efficiency, the lower the local revenue.

Table 6. Simultaneous Test Results

Variables	F-count	Significance	Information
X1, X2, and X3 → Y	16,874	0,000	Ha4 accepted

Based on the results of the data analysis, the significance value obtained in the simultaneous test was 0.000. This indicates that the value obtained is less than 0.05, so it can be concluded that there is an influence. Simultaneously liquidity, profitability, and operational efficiency of BUMDes on village original income.

Table 7. Coefficient of Determination

Variables	R-Square	Percentage
X1 → Y	0,402	40,2%
X2 → Y	0,472	47,2%
X3 → Y	0,588	58,8%
X1, X2, and X3 → Y	0,684	68,4%

Based on the results of the data analysis, the magnitude of the influence of variable X on variable Y is obtained from the table. *R-Square*. First, BUMDes liquidity had an effect on village original income of 0.420, or 40.2%. Second, BUMDes profitability had an effect on village original income of 0.427, or 42.7%. Third, BUMDes operational efficiency had an effect on village original income of 0.588, or 58.8%. Fourth, BUMDes liquidity, profitability, and village original income simultaneously had an effect on village original income of 0.684, or 67.4%.

Based on the data analysis, it was found that liquidity has a significant influence on village original income, with a significance value of 0.010, which is less than 0.05. Furthermore, the effect size analysis showed that liquidity contributed 40.2% to the increase in village original income. This indicates that each increasing the liquidity level of Rejoagung Village-Owned Enterprise (BUMDes) directly impacts the village's original income. This influence can be explained by the fact that liquidity reflects the BUMDes' ability to meet short-term obligations and support smooth operations. When liquidity increases, BUMDes can invest more quickly, handle operational expenses more efficiently, and provide emergency funds (Situmorang&Riyanti, 2023). Thus, increased liquidity will enable BUMDes to expand its business or optimize operations, which in turn increases cash flow and village original income.

The hypothesis regarding the impact of liquidity is also supported by the active involvement of BUMDes administrators who implement disciplined financial management, ensuring optimal cash flow, and efficient use of operational funds for business unit development (Syafitri&Khalifaturofi'ah, 2023). The implementation of these sound financial practices not only increases liquidity but also builds trust among the community and other stakeholders in the BUMDes' ability to contribute to the development of village original income (Damayanti&Susila, 2022). On the other hand, if liquidity decreases, BUMDes will experience difficulties in meeting short-term financial obligations and tend to experience limitations in funding productive business programs, thus negatively impacting village original income (Ishak et al., 2022). In conclusion, good and optimal liquidity management is a crucial factor that must be maintained. BUMDes can not only maintain financial stability but also accelerate the growth of village original income sustainably. Strong BUMDes financial liquidity provides room for innovation and business diversification. In practice, BUMDes administrators implement proactive cash management policies, for example by conducting regular cash flow analysis, setting liquidity targets, and evaluating non-productive expenses (Huwaiddah&Afifqoh, 2025). This ensures that funds are always available to support ongoing operational activities and to finance new business opportunities that can increase revenue (Karimah&Zulkifli, 2023). Thus, liquidity is not only an indicator of financial health but also a key catalyst for value creation and increasing the efficiency of BUMDes' task execution. Several findings from previous research align with the findings of the study under discussion, which found that liquidity contributed 40.2% to village original income. Furthermore, a study by Siregar et al. (2023) explains that liquidity is a key factor influencing the financial stability and operational sustainability of village-owned enterprises (BUMDes). They demonstrated that institutions with good liquidity tend to be more responsive to changes in economic dynamics and are able to optimally exploit business opportunities. These findings further

strengthen the argument that effective liquidity management should be a top priority for BUMDes, as it serves not only as an indicator of financial health but also as a key driver in creating and increasing village original income. Furthermore, research

Wibowo and Hartono (2021) highlight that adequate liquidity can reduce the risk of default on short-term obligations and improve the ability to manage resources for business expansion. This provides a more in-depth explanation of how sound liquidity management practices can be integrated into operational strategies to achieve sustainable revenue growth. Another finding, referring to partial test results, indicates that profitability has a significant effect on village original income, with a significance value of 0.004, clearly below the 0.05 threshold. The effect size analysis revealed that profitability contributed 42.7% to the increase in village original income. Therefore, the higher the level of profitability achieved by a Village-Owned Enterprise (BUMDes), the greater the increase in village original income. Profitability itself reflects the BUMDes' ability to generate profit from each unit of capital or asset managed (Karimah&Zulkifli, 2023).

A favorable financial condition reflects that every investment or business activity undertaken by the Village-Owned Enterprise (BUMDes) generates optimal returns, thus supporting the creation of a financial surplus that is then channeled as village income. Implementing cost control strategies and increasing the efficiency of asset use plays a crucial role in increasing profitability (Situmorang&Riyanti, 2023). These results indicate that in the context of the RejoagungBUMDes, proper and effective financial management significantly determines the amount of profit generated. If profitability increases, the BUMDes can allocate these funds to finance village development programs such as infrastructure development, improving public services, and empowering the local economy. Conversely, low profitability indicates inefficiency in resource management and potential operational constraints, which directly impact the village's original income (Mapata et al., 2024). Therefore, optimal profitability management is crucial not only for generating profits but also for ensuring that these profits are utilized to improve the welfare of village communities. Based on these findings, the hypothesis regarding the partial effect of profitability on original village income is accepted, reinforcing the importance of profitability in a successful BUMDes financial management strategy. Increased profitability, reflected in positive operating profits, indicates that the Village-Owned Enterprise (BUMDes) has successfully optimized the use of its assets and capital. Effective cost control strategies, increased productivity, and innovation in product and service development also contribute to increased profitability (Muntinah, 2023). Regular evaluation of financial performance helps management identify areas requiring improvement, enabling them to take strategic steps to improve operational efficiency. With superior profitability, BUMDes is not only able to meet market demands but also has the capacity to reinvest to drive regional economic growth. In relation to village revenue, profitability directly impacts BUMDes' capacity to generate a financial surplus that can be channeled as additional village income (Aras et al., 2025). Stable and profitable financial performance also fosters stakeholder trust, thus supporting further investment in business development and transparent and accountable financial management (Dewi&Diatmika, 2021). Thus, these findings reaffirm that profitability is a key factor that must be optimized to achieve significant increases in village original income.

Based on the partial test results, findings indicate that operational efficiency has a significant influence on village original income with a significance value of 0.014 (<0.05). Based on the contribution analysis, operational efficiency contributed 58.8% to the village original income variable, indicating a significant influence compared to other variables. Operational efficiency here includes resource management, cost control, and speed in decision-making that support the operationalization of BUMDes activities (Shafira& Sparta, 2024). The higher the level of operational efficiency implemented, the more optimal the management of funds and resources, thereby generating greater revenue. Improving operational efficiency is based not only on a structured work system but also on a work culture that encourages innovation, continuous improvement, and optimization of internal processes (Huwaiddah&Afifqoh, 2025).

Under these conditions, BUMDes can reduce budget waste and allocate funds effectively to productive programs, which in turn ultimately increasing village original income. The significance value obtained indicates that improving operational efficiency has a positive and significant impact, thus the hypothesis regarding the effect of operational efficiency on village original income is accepted (Marnas et al., 2016). This demonstrates that operational efficiency is a determining factor capable of influencing the financial management process and business performance of BUMDes, which, if managed well, will result in a proportional increase in income. The success of efficient operational management also fosters public and investor trust in BUMDes management, while also opening up space for more innovative business development strategies that are responsive to market dynamics (Amu et al., 2023). In other words, optimizing operational efficiency is a strategic effort that not only reduces operational costs but also maximizes output, ultimately impacting overall village original income.

Operational efficiency encompasses a series of managerial actions such as improving work processes, utilizing information technology, and implementing strict control systems to minimize inefficiency and waste. These processes ensure every BUMDes operational activity runs smoothly and effectively (Amu et al., 2023). If every business unit within a BUMDes operates efficiently, the impact will be seen in increased productivity and a reduction in unnecessary overhead costs. The combination of cost savings and increased output creates wider profit margins, which can be directly transferred to village revenue (Susanto& Kartika Berliani, 2024).

The findings of this study emphasize that improving operational efficiency must be a priority, with internal management of Village-Owned Enterprises (BUMDes) needing to be periodically reviewed and improved to maintain relevance with economic and technological developments. Successful operational efficiency management not only strengthens the financial foundation of BUMDes but also improves overall institutional performance, significantly impacting the growth of village revenue (Fadilah& Andriani, 2025). Therefore, operational efficiency, which has been shown to contribute 58.8%, is a key indicator that should be a primary focus in the planning and implementation of economic development programs at the village level.

The results of the simultaneous test show that the variables of liquidity, profitability, and operational efficiency together have a significant influence on village original income, with a significance value of 0.000, which is much smaller than the threshold of 0.05. This result indicates that these variables together can explain 67.4% of the variation in village original income. In other words, almost two-thirds of the increase in village original income can be attributed to the combination of these three variables. Successful financial management that simultaneously encompasses aspects of liquidity, profitability, and operational efficiency indicates that these three aspects support and strengthen each other in driving village economic growth (Shafira& Sparta, 2024). For example, good liquidity supports operational capabilities, high profitability indicates efficient asset management, and operational efficiency Reducing costs and optimizing output. The synergy of these three factors results in a healthy financial condition, which ultimately increases village original income significantly. This significant simultaneous influence also confirms the need for an integrated approach to BUMDes financial management to achieve optimal results. At the managerial level, implementing a strategy encompassing these three aspects can minimize financial risk, increase profit margins, and provide funds for reinvestment in productive activities that positively impact village income (Andriani& Biduri, 2024). Therefore, the hypothesis regarding the simultaneous influence of liquidity, profitability, and operational efficiency on village original income is accepted. These results provide a comprehensive picture that the success of a financial management strategy does not depend solely on a single aspect but is instead the complementary result of the synergy of several interrelated financial factors that collectively support village income growth.

Simultaneous analysis shows that improvements in the overall financial health of village-owned enterprises (BUMDes) are directly proportional to increases in village original income. The combination of

strategies to increase liquidity, profitability, and operational efficiency creates a mutually reinforcing mechanism, where each improvement in one aspect positively contributes to the others (Jirwanto et al., 2024). This integrated financial management enables BUMDes not only to address short-term challenges but also to plan for long-term development. With a contribution of 67.4% of the variation in village original income, which can be explained by these three factors. The results demonstrate that improvement initiatives across all areas of financial management have a significant impact on village economic well-being. Establishing policies that emphasize financial system integration and managerial innovation is key to optimizing existing resources. Therefore, the results of this simultaneous test strongly support efforts to strengthen the capacity of village-owned enterprise (BUMDes) institutions to address increasingly complex economic dynamics and emphasize the importance of synergy between financial variables as a driving force for increasing village original income.

CONCLUSION

Based on the results of research conducted on BUMDesRejoagung, it can be concluded that:

1. Operational efficiency simultaneously has a significant impact on the village's original income (PADes) of BUMDesRejoagungMakmur, with a combined contribution of 67.4%. This demonstrates that sound and integrated financial management can effectively increase village income.
2. Partially, each of the financial variables of liquidity, profitability, and operational efficiency significantly influences PADes. Profitability contributes 42.7%, operational efficiency 58.8%, and liquidity 40.2%, so that improving these three aspects continuously can drive village income growth.
3. Optimal financial management, including strengthening liquidity, increasing profitability, and enhancing operational efficiency, is crucial to ensuring the sustainability and growth of village revenue. It is recommended that the Rejoagung Village-Owned Enterprise (BUMDes) and the village government take concrete steps to improve these three variables to achieve better village economic growth.

Based on the research findings, it is recommended that Rejoagung Village-Owned Enterprise (BUMDes) and the local village government take concrete steps to improve liquidity, profitability, and operational efficiency to optimize village revenue. First, BUMDes needs to strengthen cash and receivables management to maintain stable liquidity, for example by establishing a structured collection system and accelerating current asset turnover. Second, to increase profitability, BUMDes can conduct regular evaluations of their business units, select businesses with the potential to generate high margins, and reduce inefficient costs. Third, operational efficiency needs to be improved by digitizing financial reports, training human resources, and utilizing technology in business processes to ensure more timely and cost-effective management. The village government can support BUMDes through proactive policies, including institutional mentoring, facilitating access to capital, and collaboration between village institutions to expand market and business reach. Active collaboration between BUMDes and the village government will be key to success in increasing village independence and welfare through optimizing village revenue.

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