PERFORMANCE OF VILLAGE-OWNED ENTERPRISES TO IMPROVE THE WELFARE OF VILLAGE COMMUNITIES: A CASE STUDY IN VILLAGE-OWNED ENTERPRISES IN WEST BANDUNG REGENCY

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Abstract

The purpose of the study is to examine the impact of performance on Village-Owned Enterprises on the original revenue of the village in order to improve the well-being of the village community. Methodology of Study - the sort of research employed is quantitative research. The data utilized were the findings of a questionnaire issued to the management of village-owned businesses and village chiefs in West Bandung Regency, a total of 117 samples. To test hypotheses, data analysis use partial least squares structural equation modeling. Results indicate that the performance of Village-Owned Enterprises has a favorable effect on the income of villages. Original Village Income has a favorable impact on the well-being of the community. The influence of performance on community wellbeing is favorable but insignificant. Through local income, the performance of village-owned businesses has a favorable impact on community welfare. Implications for Practice the research indicates that the presence of Village-Owned Enterprises in West Bandung Regency can boost the village's original income. If the village's initial income raises its contribution, the villagers' welfare will improve.

Keywords: Performance, Village-Owned Enterprises, Original Village Income, Welfare.

A. INTRODUCTION

The Central Government, via the deliberations of local stakeholders, grants the Village Government the authority to establish Village-Owned Enterprises. With the establishment of Village-Owned Enterprises, it is believed that the village economy would be bolstered and the village's original income will increase, thereby improving the welfare of the village community. However, West Bandung Regency is lacking. Using data from the West Bandung Regency Central Statistics Agency, the welfare of the people of West Bandung Regency, which is proxied with the Human Development Index (HDI), is still below the average HDI of cities/regencies in West Java. This is like the data that is listed in table 1 below:

Table 1: Comparison of HDI of West Bandung Regency (KBB) with Average HDI of West Java

Year	HDI of West Bandung Regency	Average HDI of West Java Province
2017	66.63	70.69
2018	67.46	71.30
2019	68.27	72.03
2020	68.08	73.09
2021	68.29	72.45

Source: Central Statistics Agency of West Bandung Regency, 2020

Based on the data from table 1, the HDI of West Bandung Regency in the last five years has increased but is still below the average HDI of cities/regencies in West Java. Based on the results of the HDI ranking by BPS West Bandung Regency is in the range of 50 < the HDI of < 80 which is categorized as Medium (B. K. B. Barat, 2022)

The results of previous research related to research on the effect of Village Owned Enterprises (hereinafter referred to as BUMDes) performance on the original income of the village include conducted by Ni Kadek and Made Aristia (2021) (Sinarwati & Prayudi, 2021), Agnisa and Ratna (2021) (Widayanti & Candrasari, 2021), Hermina et al (2021)(bafa, hermina. erawati, teguh. priwastiwi, 2021), Muhammad & Syafitri (2020)(Tomisa & Syafitri, 2020), Jaryono and Tohir (2019) (Jaryono & Tohir, 2019) , Maya and Rena (2018) (Nurjani et al., 2018) the results of the study stated that the performance of BUMDes affects the original income of the village. Different results have been carried out by Cecilia et al (2022)(Ayu et al., 2022) which states that the performance of BUMDes has no effect on the original income of the village.

The results of the research on the effect of the original village income on community welfare are research conducted by Firman Maulana et al (2021) (Maulana et al., 2021) which states that the original income of the village affects the welfare of the community. However, the results of a different study conducted by Maria (2016) which stated that the original income of the village did not affect the welfare of the community (Anggraeni, 2016). The author is interested in conducting additional research on the influence of BUMDes performance on the original revenue of the village and its impact on the welfare of the village community based on the phenomena and findings of other studies. This research differs from earlier studies in that it was done in villages and village-owned businesses in the West Bandung Regency and is quantitative in nature.

B. LITERATURE REVIEW

1. Village-Owned Enterprises

Village-Owned Enterprises (BUMDes) is a business entity who's entire or the majority of its capital is owned by the village through direct participation derived from village wealth that is separated in order to manage assets, services, and other businesses for the greatest good of the village community. The goals of Village-Owned Enterprises are to improve community services so that local businesses can flourish, to empower villages as autonomous areas in terms of productive efforts to alleviate poverty, unemployment, and increase PADes, and to increase independence in strengthening the village economy (Pratiwi & Novianty, 2020). The specific goals of Village-Owned Enterprises are (a) improving the village economy, (b) optimizing village assets for the benefit of the village, (c) increasing community efforts in managing the economic potential of the village, (d) developing cooperation plans between villages or third parties, (e) creating opportunities and market networks that support the needs of residents, (f) creating jobs, and (g) enhancing community welfare by enhancing public services. Village-owned businesses play a significant role in rural development in emerging nations, while they are mostly unrelated to the problem of reducing poverty (Bahtiar et al., 2021). Those in charge of the village have a crucial role in governance (Artati & Utami, 2020).

The organizational characteristics of Village -Owned Enterprises have characteristics that distinguish it from other business units. One of the differences in the operational characteristics of Village-owned enterprises with other business units is that BUMDes has the characteristics of being a social enterprise.

2. Performance of Village Owned Enterprises

Performance is something that has been achieved by an organization, for which performance targets have been previously set (Sinarwati & Prayudi, 2021). The performance of a BUMDes can be influenced by the social capital owned by the BUMDes. Through the relationship of social capital and the performance of BUMDes, villages can develop the potential of villages by adjusting to the environmental, cultural and socio-economic conditions of the village(Suranto & Hardianto, 2019). A BUMDes can be said to have a good performance if it can answer various kinds of problems in the village consisting of social, cultural, economic aspects, and restore the principles of village community life and can strengthen the village as a form of village independence(Jamaluddin et al., 2018). The creation of profit is one of the primary requirements for every firm or organization to continue existing and to compete in the market. Therefore, a company's performance is important since it can show how well or poorly a company is doing (Vasudevan et al., 2022).

BUMDes performance indicators are generally measured by financial and non-financial indicators (Sinarwati & Prayudi, 2021). The indicators used in this study are the ability to make a profit, the ability to manage sales and marketing and the ability to overcome social problems (Sinarwati & Prayudi, 2021) (Nurjanah & Mukhzarudfa, 2020). Research related to BUMDes performance is a study conducted by Asis et al (2020) which examines the performance of Village Owned Enterprises in Maros Regency, South Sulawesi Province. The results of his research state that Village Owned Enterprises has become one of the driving factors for the village economy which encourages the absorption of rural workers (Asis et al., 2020).

3. Welfare of Community

The notion of welfare is the condition of meeting the material, spiritual, and social needs of citizens in order to live a decent life and be able to develop themselves, so as to be able to carry out their social functions (Undang Undang Tentang Kesejahteraan Sosial, 2011).

The welfare of rural communities can be achieved by the government through the construction of facilities and infrastructure, as well as providing training and meeting the needs of development efforts and improving the village economy through BUMDes (Maulana et al., 2021). The central and regional governments concerned are expected to provide appropriate empowerment programs for village communities about BUMDes as well as provide motivation for the community to have an independent nature, utilize the potential of their own villages, and develop their own lives so as to create a strong integration between the government and village communities. The village has a strong community system base so that it can be used to support the development of economic systems, political systems, defense and security as well as socio-culture. Through the maximum performance of BUMDes, the welfare of the community will soon be achieved (Maulana et al., 2021). Indicators for social welfare in this study are proxied with elements to calculate the Human Development Index which consists of

a) Longevity And Healthy Living, b) Knowledge, c) Decent Standard of Living (B. K. B. Barat, 2022).

4. Original Village Income

What is meant by village original income (PADes) is income derived from the authority of the Village based on the right of origin and local scale authority of the Village (Indonesia, 2014). The original village income consists of the results of business, the results of assets, self-help and participation, mutual aid and other original income of the village. PADes is also one of the sources of village income used to strengthen village finances in village development and management. Therefore, the optimization of the original income of the village is very important. If pades can be improved, the village will also get development management and financing funds for the village so that an independent village can be realized to meet the needs of building public facilities in the village as well as facilities in the health sector (Sinarwati & Prayudi, 2021). The Village Original Income Indicators used in this study is Increased Allocation of Village Owned Enterprises Profits for original village income (Sinarwati & Prayudi, 2021).

5. The Relationship between Performance of Village Owned Enterprises and Original Village `Income

One of the purposes of the Establishment of BUMDes is to increase the original income of the village. With the increase in the original income of the village, it can be used to carry out infrastructure development that can be enjoyed by the village community so as to improve the village economy. The results of the study that stated that peroformance of village owned enterprises can affect the original income of the village are research that has been conducted by Ni Kadek and Made Aristia (Sinarwati & Prayudi, 2021), Agnisa and Ratna (2021)(Widayanti & Candrasari, 2021), Hermina et al (2021)(Bafa, Hermina. Erawati, Teguh. Priwastiwi, 2021), Muhammad &Syafitri (2020)(Tomisa & Syafitri, 2020), Jaryono and Tohir (2019)(Jaryono & Tohir, 2019), Maya and Rena (2018) (Nurjani et al., 2018) . Based on the results of this study, there is an influence between the performance of BUMDes and the original income of the village. The better the performance of BUMDes, the more it will be able to increase the original income of the village. This is in accordance with the results of research by Badarudin et al (2021)(Badaruddin et al., 2021) Noor et al (2019). Based on the results of this study, a hypothesis can be made:

H1: Performance of Village Owned Enterprises has positively effects on the original income of the village

6. Relationship between the Performance of Village-Owned Enterprises and Commuinity Welfare

Accordance with the purpose of establishing a village-owned enterprise is to improve the welfare of the village community. If the performance of Village-Owned Enterprises is good, it will improve the welfare of the village community. This is in line with research that has been conducted by N. Zuhdiaty (2019) which states that the performance of BUMDes seen from increasing capital will improve the welfare of rural communities (Zuhdiyaty et al., 2019).

H2: Performance of Village Owned Enterprises has a positive effect on the welfare of the community

7. The Relationship between Original Village Income and Welfare of the Community

The original village income is one of the components of the village government's income that can be used in programs to improve the village economy which in turn can improve the welfare of the community. The results of the study that stated that the original income of the village affects the welfare of the community is the result of research by Firman Maulana et al (2021)(Maulana et al., 2021). The greater the increase in local income, the more it will affect the welfare of the community. This is also in accordance with the opinions of Noor et al (2019)(Zuhdiyaty et al., 2019), Abdullah & Hossain (2019)(Al-Amin & Hossain, 2019) Miha & Miroslav (2021)(Dominko & Verbič, 2021) Based on the results of the study, a hypothesis can be made:

H3: Original village income has positively effects on welfare of the community

8. Relationship of BUMDes Performance, Original Village Income to Community Welfare

If the performance of Village owned enterprises is good, it will increase the original income of the village which in turn will be able to improve the welfare of the village community. The results of the study that stated that the performance of BUMDes and the original income of the village have an influence on the welfare of the community are the results of research that has been carried out by Firman Maulana et al(2021).) Based on the results of the study, it is explained that if the performance of BUMDes increases well, it will increase the original income of the village so that the welfare of the village community becomes better. On the basis of the results of the study, the following hypothesis was made:

H4: The performance of BUMDes has a positive effect on community welfare through the original village income in Bandung Barat Regency

C. METHOD

This type of research is quantitative research. The data from questionnaires that were distributed to respondents who were used as research samples. The research stages include: The first stage of formulating problems and research objectives, conducting literature and regulatory reviews to identify indicators of Village Owned Enterprises performance, village original income, and community welfare. The second stage is to conduct a survey by distributing questionnaires to the Chairman of the Village-Owned enterprises and the Head of Village in the West Bandung Regency area, to get an overview of the performance of Village-Owned Enterprises, the original income of the village, and the welfare of the community. The third stage, tabulating the survey result data, is detailed according to the research variables. The fourth stage, conducting data analysis with SEM Smart PLS, to determine the effect of the performance of Village-Owned Enterprises on the original income of the village and the welfare of the community, the influence of the original village income on the welfare of the community and the influence of the performance of Village-Owned Enterprises and the original income of the village on the welfare of the community.

Research Paradigm

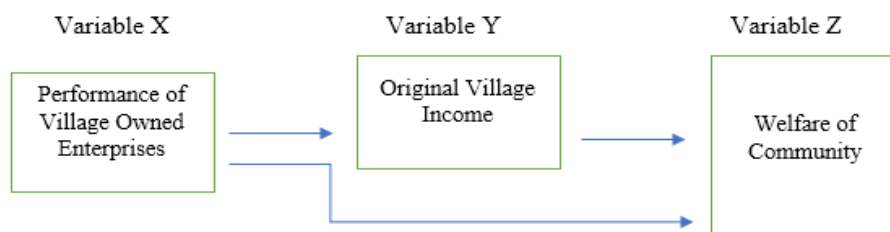To illustrate the research paradigm, there is in figure 1 below:

Figure 1. Research Paradigm

Population and Sample of the study

The population in this study is the management of business entities and village heads in West Bandung Regency as many as 165. While the sample used refers to the Slovin formula totaling 117.

A. RESULTS AND DISSCUSION

A total of 117 samples filled out the questionnaire which was filled directly at the briefing meeting from the Head of the West Bandung Regency Village Community Empowerment Office which was attended by the Management of Village-Owned Enterprises and Village Heads on August 11, 2022. For Variable X, the sample is the Management of Village-Owned Enterprises while for variables Y and Z, the sample is the village heads. The following is the demographic data of the sample who filled out the questionnaire for variable X, Y & Z, as shown in table 2 and 3 below:

Table 2: Information on the demographics Sample of village-owned enterprises

Variable	Frequency (N)	Percentage
Gender		
Female	26	22%
Male	91	78%
Age		
25 or below	23	20%
25 to 30	29	25%
30 or above	65	55%
Education Level		
Senior High Scholl	98	84%
Diploma	7	6%
Bachelor's Degree	11	9%
Master's Degree	1	1%
Years of Working		
2 years or less	28	24%
2 to 3 years	35	30%
3 years or more	54	46%

Table 3: Information on the demographics Sample of Village Head

Variable	Frequency (N)	Percentage
Gender		
Female	3	3%
Male	114	97%
Age		
25 or below	8	7%
25 to 30	35	30%
30 or above	74	63%
Education Level		
Senior High Scholl	76	65%
Diploma	22	19%
Bachelor's Degree	18	15%
Master's Degree	1	%
Years of Working		
2 years or less	30	26%
2 to 3 years	22	19%
3 years or more	85	73%

Structural Equation Modeling Partial Least Square (Sem Pls) Analysis Results

Outer Model Evaluation

The manifest variables in the researcher include the following:

1. The latent variable Performance of village owned enterprises (X) is measured by 2 latent variables, namely Financial Performance (X1) which is measured by 2 observed variables, namely X1.1 and X1.2, and Non-Financial Performance (X2) which is measured by 4 observed variables, namely 2.1 – X2. 4.

2. The latent variable of Village Original Income (Y) is measured by 2 observed variables, namely Y1 and Y2.

3. The latent variable Community Welfare (Z) is measured by 3 latent variables namely Longevity & Healthy Living (Z1) which is measured by 2 observed variables namely Z1.1 and Z1.2, Knowledge (Z2) which is measured by 2 observed variables namely Z2.1 and Z2.2, and Decent Standard of Living (Z3) measured by 1 the observed variables are Z3.1 and Z3.2.

Convergent Validity Test

Based on the test results with SmartPLS 3. 0, the following results are obtained, as in the following table 4:

Table 4: Convergent Validity Loading Factor

Construct	Loading Factor	R critical	Criteria (Loading Factor > 0.7)
X1.1	0.898	0.7	Valid
X1.2	0.903	0.7	Valid
X2.1	0.776	0.7	Valid
X2.2	0.849	0.7	Valid
X2.3	0.809	0.7	Valid
X2.4	0.767	0.7	Valid
Y1	0.949	0.7	Valid
Y2	0.965	0.7	Valid
Z1.1	0.865	0.7	Valid
Z1.2	0.890	0.7	Valid
Z2.1	0.890	0.7	Valid
Z2.2	0.902	0.7	Valid
Z3.1	1.000	0.7	Valid
X1	0.866	0.7	Valid
X2	0.950	0.7	Valid
Z1	0.938	0.7	Valid
Z2	0.930	0.7	Valid
Z3.1	0.817	0.7	Valid

Source: Data Processing (2022)

Table 4 displays the loading factor value for each variable and construct. Based on this, it is clear that all constructs are declared legitimate based on the loading factor. In addition, an average variance extracted (AVE) test will be conducted to enhance the results of convergent validity with the criterion; if the AVE value is greater than 0.5, then the study's construct is valid. The results of assessing the average variance extracted using the PLS 3.0 program are provided in table 5 below:

Table 5: Average Variance Extracted value

Latent	Average Variance Extracted (AVE)	R critical	Criteria (AVE ≥ 0.5)
X	0.588	0.5	Valid
X1	0.811	0.5	Valid
X2	0.641	0.5	Valid
Y	0.916	0.5	Valid
Z	0.682	0.5	Valid
Z1	0.770	0.5	Valid
Z2	0.803	0.5	Valid
Z3	1.000	0.5	Valid

Source: Data Processing (2022)

The convergent validity results may be observed in the table above based on the average variance extracted value. All latent variables have AVE values larger than 0.5, hence the entire contract is deemed valid. These factors imply that, when examined from the average variance extracted value, the indicators comprising the latent construct have a good convergent validity.

Discriminant Validity Test

The cross loading value indicates discriminant validity. The correlation between the indicator and its own construct must be higher than the correlation between the indicator and other constructs. In addition, this is evident when comparing the square roots of the AVE to the correlation between the latent components. If the square root of the AVE is greater than the correlation between latent constructs, the latent concept has good discriminant validity in the model (Hair et al., 2019). The following are the outcomes of the discriminant validity test conducted with the Smart PLS 3.0 software.

Table 6: InSCriminant Cross Loading Validity Test Value

	X1	X2	Y	Z1	Z2	Z3
X1.1	0.898	0.586	0.521	0.331	0.333	0.239
X1.2	0.903	0.613	0.571	0.403	0.349	0.283
X2.1	0.524	0.776	0.509	0.319	0.307	0.267
X2.2	0.617	0.849	0.555	0.342	0.258	0.239
X2.3	0.469	0.809	0.398	0.256	0.215	0.281
X2.4	0.516	0.767	0.488	0.403	0.376	0.350
Y1	0.567	0.544	0.949	0.451	0.537	0.265
Y2	0.593	0.620	0.965	0.618	0.687	0.416
Z1.1	0.447	0.494	0.586	0.865	0.644	0.552
Z1.2	0.278	0.242	0.416	0.890	0.750	0.662
Z2.1	0.412	0.354	0.629	0.707	0.890	0.507
Z2.2	0.269	0.292	0.531	0.721	0.902	0.650
Z3.1	0.290	0.353	0.363	0.694	0.648	1.000

Source: Data Processing (2022)

All indicators exhibit a high connection with their respective constructions compared to other constructs, as seen in Table 6. In conclusion, the research model has strong discriminant validity in the discriminant validity cross loading.

Reliability Test

The next stage assesses the criteria of Cronbach's Alpha and Composite Reliability. Each construct is said to be reliable if it has Cronbach's Alpha and Composite Reliability greater than 0.70 (Hair et al., 2019). The following are presented the results of the reliability test using the Smart PLS 3.0 program.

Table 7: Cronbach's Alpha value and Composite Reliability

Latent	Cronbach's Alpha	Composite Reliability
X	0.859	0.895
X1	0.767	0.896
X2	0.813	0.877
Y	0.910	0.956
Z	0.883	0.915
Z1	0.702	0.870
Z2	0.755	0.891
Z3	1.000	1.000

Source: Data Processing (2022)

According to the table above, all latent constructs have a value of Cronbach's Alpha and composite reliability more than 0.70, indicating that the latent construct is reliable. This suggests that the dependability of all latent constructs is high.

Structural Model Testing (Inner Model)

Evaluation of the inner model is an analysis of the results of the relationship between constructs. The estimation of the relationship between the constructs can be seen as follows.

1. The latent variable of Village Native Income (Y) is influenced by the BUMDes Performance variable (X).

2. The latent variable Community Welfare (Z) is influenced by the variable Village Native Income (Y).

R Square

R square is a value that shows how much the independent variable (exogenous) affects the dependent variable (endogenous). Based on the test results with SmartPLS 3.0, obtained the results of R Square as follows:

Table 8: R Square

Endogenous	R Square	Strong Relationships
Original Village Income (Y)	0.442	Moderate
Community Welfaret (Z)	0.373	Moderate

Source: Data Processing (2022)

R Square value of 0.67 suggests a robust model, while values of 0.33 and 0.19 indicate moderate and weak models, respectively (Hair et al., 2019). Table 8 reveals that the R-Square for the Village Native Income (Y) variable is 0.442, indicating that the Performance of Village-Owned Enterprises (X) has a moderate influence of 0.442, or 44.2%, on the Village Native Income (Y) variable. While the remaining 55.8% represents the influence of unobserved factors, and the R-Square for the Community Welfare variable (Z) is 0.373, which indicates that the Village Original Income (Y) has a moderate influence on the Community Welfare

variable (Z), amounting to 37.3%. While the remaining 62.7% represents the influence of unobserved factors.

F Square

F Square is used to determine the influence of predictors of latent variables at the structural level. A value of 0.02 for F Square suggests a modest rating, whereas 0.15 for Effect Size indicates a medium rating, and 0.35 for Effect Size indicates a large rating (Hair et al., 2019). Based on the test results with SmartPLS 3.0, the following F Square scores were determined:

Table 9: F Square

Variable	Effect Size	Rating
Performance of Village owned enterprises (X) -> Village Original Income (Y)	0.792	Big
Original Village Income (Y) -> Community Welfare (Z)	0.594	Big

Source: Data Processing (2022)

Based on table 9, it is known to show the influence of latent variable predictors at the structural level. In the variable Performance of Village Owned (X) has an influence with a large category in influencing Village Original Income (Y). And the Original Village Income (Y) also has a large category influence in influencing Community Welfare (Z).

Q-square Predictive Relevance

Q-square testing is utilized to evaluate the accuracy of the model's generated observation values and parameter estimation. A Q-square number greater than 0 implies that the model has predictive significance, whereas a Q-square value less than 0 shows that the model is devoid of predictive relevance (Hair et al., 2019). Here is the value of the Q-square Predictive Relevance.

Table 10: Q-Square Predictive Relevance

Variable	R Square	1-R Square
Original Village Income (Y)	0.442	0.558
Welfare of community (Z)	0.373	0.627
$Q^2 =$		$Q^2 = 1- (1-R_1^2) (1-R_2^2) = 0.650$

Source: Data Processing (2022)

Based on the table above, the value of Q2 (Q-square predictive relevance) obtained is 0. 650. Because the value is greater than 0 (zero), it means that the model has an adequate predictive relevance value.

Hypothesis test

Hypothesis testing in this study was carried out using path coefficient, t-value, and p-value values. To assess the significance and predictions in hypothesis testing can be seen from the path coefficient and t-value values (Hair et al., 2019).

Hypothesis test with bootstrapping method using SmartPLS software, and obtained the following values:

Table 11: The result of the value of the coefficient of the path and t-count

Hypothesis	Influence	Path Coefficient	T count	P Values
H1	X -> Y	0.665	10.758	0.000
H2	X -> Z	0.085	0.837	0.202
H3	Y -> Z	0.554	5.979	0.000
H4	Y -> Z -> Y	0.369	5.911	0.000

Source: Data Processing (2022)

From the results of the table above, the value of the coefficient of the performance of village owned variable path (X) which is positive, namely 0.665, shows that the direction of the relationship between performance of village owned (X) and Village original income (Y) is positive or unidirectional, meaning that if performance of village (X) increases, the quality of village original income (Y) will increase, and vice versa. The effect between Performance of village owned (X) and Village Native Income (Y) was significant on the 1-tailed test (t table = 1. 64) with a statistical T-value of 10,758 greater than the table t, as well as a p value smaller than 5% alpha (0.000 < 0.05). Thus, H1 is accepted, meaning that **performance of village owned (X) has a positive and significant effect on the original village income (Y).**

From the results of the table above, the value of the coefficient of the performance of Village owned Enterprises variable path (X) which is positive, which is 0.085, shows that the direction of the relationship between Performance of village owned (X) and Community Welfare (Z) is positive or unidirectional, meaning that if Performance of village owned (X) increases, then Community Welfare (Z) will increase, and vice versa. The effect between performance of village owned (X) and community welfare (Z) was insignificant on the 1-tailed test (t table = 1. 64) with a T-statistical value of 0.837 less than t of the table, and a p value greater than 5% alpha (0. 202 > 0.05). Thus, H2 is rejected, meaning that **performance of village owned enterprises (X) has a positive but insignificant effect on Community Welfare (Z).**

The value of the variable path of Village Original Income (Y), which is positive, which is 0.554, indicates that the direction of the relationship between Village Original Income (Y) and Community Welfare (Z) is positive or unidirectional, meaning that if the Original Village Income (Y) increases, then Community Welfare (Z) will increase, and vice versa. The effect between Village Native Income (Y) and Community Welfare (Z) was significant on the 1-tailed test (t table = 1. 64) with a statistical T-value of 5.979 greater than t of the table, as well as a p value smaller than the alpha of 5% (0.000 < 0.05). Thus, H3 is received, meaning that **the Original Village Income (Y) has a positive and significant effect on Community Welfare (Z).**

Coefficient Value of the variable path of Performance of village owned (X) through village original income (Y) which is positive, which is 0.369, shows that the direction of the relationship between Performance of village oened (X) and community welfare (Z) through village original income (Y) is positive or unidirectional, meaning that if Performance of village owned (X) increases then the quality of community welfare (Z) through village native income (Y) will increase, and vice versa. The effect between Performance of village owned (X) and community welfare (Z) through village native income (Y) was significant on the 1-tailed test

(t table = 1. 64) with a statistical T-value of 5.911 greater than the table t, as well as a p value smaller than the alpha 5% (0.000 < 0.05). Thus, H4 is accepted, meaning that **performance of BUMDes (X) has a positive and significant effect on community welfare (Z) through village original income (Y).**

Based on the results of hypothesis testing that the performance of village-owned enterprises has a positive effect on the original income of the village, this instructs that the village government is important to assess the performance of the village-owned enterprises because if the performance of the village-owned enterprises is good, it will contribute to the receipt of the original income of the village. This research supports the research conducted by Sinarwati & Paryudi (2021)

Based on the results of hypothesis testing, the performance of village-owned enterprises has no effect on the welfare of the community, this indicates that the existence of Village-Owned Enterprises in West Bandung Regency has not been able to improve the welfare of their communities. The results of this study do not support the research results of Zuhdiyati et al. (2019)

The results of testing the hypothesis of the effect of Village Original Income on community welfare have a positive effect. This indicates that to improve welfare in the village community, it must increase the original income of the village. With the increase in the original income of the village, the allocation of the funds will be greater for activities that will improve the welfare of the community. This is in accordance with the results of Maulana's research at.al (2021).

The results of testing the hypothesis of the effect of performance of BUMDes through the original income of the village have a positive effect on the welfare of the community. This indicates that the existence of village-owned enterprises in order to improve the welfare of the community has increased, the Village Business Entity must increase the deposit of part of its profits to be distributed to the original income of the village. The results of this study are in line with the research of Maulana at al (2021).

D. CONCLUSION

Based on the results of research and discussion, it can be concluded that: 1) The performance of village owned   has a positive effect on the Original Village Income in West Bandung Regency; 2) original village income has a positive effect on community welfare in West Bandung Regency; 3) Performance has a positive but not significant effect on community welfare in Bandung Barat Regency; and 4) The performance of BUMDes has a positive effect on community welfare through the original village income in Bandung Barat Regency.

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