

Implementation of Good Governance Principles and Their Role on Performance in Village Owned Enterprises (BUMDes)

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Abstract

The research in the form of community service that the author conducted has the aim of analyzing how the implementation of Transparency, responsiveness, professionalism, rule of law vision strategic has been applied to contribute to the performance of Village Owned Enterprises (BUMD). The survey was conducted using a descriptive and exploratory qualitative approach. The research was conducted using a descriptive exploratory qualitative approach. The data were obtained through interviews with competence to explain the state of the South Maja Bumdes. The purpose of this research is to find that governance practices with the principles of transparency, responsiveness, professionalism, rule of law, and vision strategies can hinder the performance of Village Owned Enterprises (BUMDes). The research to be carried out is a qualitative descriptive exploratory research. The author obtained data from informants through interviews, the informants used were competent parties and had knowledge about the activities of Bumdes in Maja Selatan Village. The results survey this will be used as input and evaluation material for improving the performance of the South Maja Bumdes, Maja District, Majalengka Regency. The results of research conducted by Kurniasih (2014) explained that the poor performance of Bumdes was partly due to the inability of managers to create efficiency, effectiveness, and weak responsiveness. This condition can be seen from the suboptimal local village resources in the management of the Bumdes, as well as the weak participation of the community in the management of the Bumdes. Sofyani, et al. (2019) provides an explanation that the determining factors in improving the performance of Bumdes are the involvement and enthusiasm of the community, the competence of Bumdes managers, education and training for Bumdes managers, honest behavior, good teamwork, good communication, kind, transparent and responsible.

Keywords

transparency; BUMDes
governance accountability



I. Introduction

The establishment of Village Owned Enterprises (Bumdes) carried out by the government is an effort to form independent villages in managing the village economy. This is based on the assumption that rural development is carried out by empowering the community in improving their welfare, this is as stated in It is the government's obligation and is regulated in the 1945 Constitution (Anggraeni, 2016).

Bumdes is a village facility whose implementation is guided and pursued by the village government and the community, so that not only can meet the needs community, but can improve the village economy based on its potential and needs of the From the village. Currently being developed since the enactment of the Village Law Number 6 of 2014, Bamdes is a means for village governments to improve the village economy,

increase village income and meet village needs, and support village economic growth and equity (Platama and Pambudi). , 2017). Various references state that the efforts that must be made by the village government and bumdes to form bumdes is to apply the principles of good governance (Elahi, 2009). These principles were established by the United Nations Development Program (UNDP) in 1997 and are transparent, accountable, responsive, responsible, rule of law, professionalism, efficiency, effectiveness, community participation, and strategic vision (Elahi, 2009). The work that the author tries in research this focuses on five principles: transparency, responsiveness, professionalism, rule of law, and strategy vision.

The implementation in Bumdes governance accordance with the principles of good corporate governance has not been fully implemented by Bumdes. This is related to the limited talent of Bumdes. This in one of the Bumdes in Majalengka Regency, the southern maja village of Majalengka Regency in Regency. The management carried out by Bumdes requires increased transparency which is marked by the difficulty of the community in accessing information which makes the public's trust in Bumdes begin to fade a little. In managing Bumdes, it is often not based on existing AD/ART, and there needs to be an analysis and improvement of a good and correct BUMDes governance system that can create a dignified BUMDes that can be used for the welfare of the community. According to the results of a study conducted by Kurniasih (2014), the poor performance of Bumdes is caused by the inability of managers to produce efficiency, effectiveness, and responsiveness. This situation is reflected in the not yet optimal resources village the field management Bumdes the weak participation of the community in the management of Bumdes. Sofyan, et al. (2019) explained that the determining factors in improving the performance of Bumdes are the involvement and enthusiasm of the community, the competence of Bumdes managers, education and training for Bumdes managers, honest behavior, good teamwork, good communication, transparency and be responsible.

Various studies on Bumdes Governance, such as that conducted by Suryadi (2010), in his research explained that good application of the principles of accountability and transparency can improve the performance of Bumdes, this is indicated by the openness of Bumdes in conveying information, responsive to various complaints submitted. The results of a similar study were delivered by Styawan (2010) who concluded that responsiveness, transparency, and accountability are the determining factors in establishing relations between the government and the community in this case public services. This is due to good information, the youth of the community in submitting complaints so that they are able to show good performance.

Another factor of the successful performance of Bumdes is professionalism, Siahaan (2010) explains that good work doing professional using his abilities and expertise is an act of professionalism. Professional resources are an important factor in supporting organizational performance. In addition, things that can improve organizational performance are compliance with laws and regulations. Riantiarno & Azlina (2011) explained that the regulations or laws and laws that apply to a country, organizations are a guideline in carrying out organizational management. Organizational activities that comply with laws and regulations or organizational regulations can help the organization's performance to achieve its goals without violating the law. Compliance with regulations will carry out the principles of good governance so that in the end it can and is able to improve performance within an organization.

The research to be carried out is a qualitative descriptive exploratory research. The author obtained data from informants through interviews, the informants used were competent parties and had knowledge about the activities of Bumdes in Maja Selatan

Village. The results of this study are expected to be used as input and evaluation material to improve the performance of the South Maja Bumdes, Maja District, Majalengka Regency.

II. Review of Literature

2.1 Stewardship Theory and Social Enterprise

Stewardship theory and social enterprise theory are theories that explain service, motivation main is individual goals, but is the main of organizational interests or achievements (Donaldson & Davis 1991). In addition, the theory also explains that the Steward leads the organization in accordance with common interests. If there are differences in interests or goals between the organization and the management, then he will choose to cooperate with other members of the organization compared to different or opposed, because he sees common interests as a rational action to achieve organizational goals (Kumar & Sivaramakrishnan, 2008).

This theory explains that organizational goals are a reference in behavior, stewards always try to develop and improve organizational performance so that they are able to satisfy all other organizational members (Donaldson & Davis 1991).

In this study, the theory relates to the Bumdes manager as a servant or steward who functions as the Bumdes manager and the community as the owner. The purpose of the organization in this theory has been mutually agreed upon and mutual trust between stewardship and principal, managers are given the trust to manage all existing potential that will be utilized for the benefit of the community.

Likewise with social enterprise which focuses on social benefits rather than financial, this theory is simply a social concept. This theory has an emphasis on providing social facilities to social enterprises that have a social impact on the community environment through the facilities it provides (Duff & Southcombe, 2012). This theory is certainly in line with the theory of stewardship in which both are more concerned with common interests. In this study, the company is Bumdes which has the role of forming a social business that provides the widest social benefits to the community.

2.2 Performance of Village-Owned Enterprises (BUMDes)

Performance of entity (BUMDes) Article 1 (6) of Law Number 6 of 2014 concerning Villages states: in which all or most of the capital and business assets are owned by the village through participation directly village. Assets are segregated and can be used to manage other assets, services and businesses wherever possible for the benefit community.

The existence and implementation of Bumdes and village government are expected to help improve the village economy. Bumdes aims to be a means of realizing an independent village by managing and operating the village economy. Thus, goal to advance the public can be achieved.

The Village Law explains the obligations, roles and functions of villages in managing, providing services, and carrying out village to realize villages using data. For this reason, the establishment of Bumdes is a means to improve the welfare and quality of life of rural communities by using all the skills and potential of the village economy, economic institutions, natural resource potential, and human capabilities. one. 2018). Village Law no. 6 can strengthen the status of villages within the Unitary State of the Republic of Indonesia (NKRI). The law clarifies the obligations, roles, and functions management village community service, and implementation of village management to achieve dignified community welfare (Vendor, 2016).

In accordance with its essence, development has a goal to build an independent village. Developing rural areas by involving or empowering the community is one of the government's missions as stated. Specifically, the purpose of the Unitary State of the Republic of Indonesia (NKRI) as regulated in the 1945 Constitution is to advance the public interest and educate the nation's life (Rahman, Ulfah, & Hakim, 2018).

Governance is a set of processes used by an organization and used in principle to carry out the activities of the organization. The principles of good governance in accordance with applicable regulations are believed able to improve organizational performance in achieving its goals (Yee, Sapiei and Abdullah, 2018). Governance consists of five principles: transparency, responsiveness, professionalism, rule of law, and strategic vision. Benawan, Saerang, & Pontoh (2018) explain that the first principle in good governance is transparency or openness. This principle in the implementation of activities in accordance with the regulations that have been set. Transparency is also defined as all information related to the organization that can be accessed and conveyed to all parties.

An Organization must have a goal to be achieved by the organizational members (Niati et al., 2021). The success of leadership is partly determined by the ability of leaders to develop their organizational culture. (Arif, 2019). According to Supriatna & Kusuma (2009), organizations that implement good governance also perform well organizationally, according to their research. The better the leadership of an organization, the better the organization.

Organizations that are able to absorb the aspirations of their members are organizations that have good responsiveness. Responsiveness is the second governance principle, responsiveness is an organizational activity in order to identify what members of the organization need, what problems they face, decisions are a service of the organization's ability to identify needs and solve community problems, determine priorities for what will be done, arrange and develop programs according to the needs of the community. Because a fast response in responding to a problem must be owned by every organization, the speed of responding to every complaint or organization makes the organization run well and quickly according to its duties and functions (Suryadi, 2010).

Responsiveness plays a very important role in an organization. The responsiveness of an organization can build public trust. Suryadi's findings (2010) explain that responsiveness is one of the factors that improve organizational performance. In the current reform era, handling enhances good interactions between citizens and the government. Professionalism is a person's professional attitude towards a profession that is occupied. Individuals who work committed fully to goals organizational devote all their expertise to their work (Siahaan, 2010). Suryandari & Alfianto (2015) explain that an individual is professional if the individual meets the criteria of expertise and competence in carrying out work according to his expertise, according to procedures in carrying out his duties, Complying ethics and legal rules set by the organization. The rule of law is the exercise of power in accordance with applicable laws and regulations. This means that every organization or agency government depends on the law and must responsible legally fulfilling its obligations (Riantiarso & Azlina, 2011).

Vision or plan is a process carried out by an organization to determine strategy, direction, and resource allocation decisions to achieve the expected goals (Mucharomah, 2012). This strategic plan is usually described in a container known as the vision and mission. A vision is a distant view of the business or institution that manages the workflow of the organization. According to Elahi (2009) vision is a formalization of the goals a company, organization, or institution and how these goals can be achieved in the future.

Mission is a statement of what the achieve organization is doing to its vision. The company is to set the direction and boundaries of the achievement process.

III. Research Method

The chosen method is a qualitative and descriptive exploratory method. This type of survey, whether it is as it is or is carried out naturally, produces data in the form of explanations in the form texts written or oral the people being surveyed (Pujihastuti, 2010). Multi-case is a case study used. Multiple case study is the activity of investigating many cases to understand the similarities and differences between cases investigated (Pamela & Jack, 1990). Therefore, this design can be used to draw conclusions and have similarities or similarities in the practice of governance which consists of a strategic vision of transparency, responsiveness, accountability, professionalism, rule of law, and the impact of BUMDes on village Maja Selatan District Regency Majalengka.

The data used is data primary This means that data is obtained directly from informants through interviews, observation and documentation (Hanifah & Sugeng, 2015).interviews Detailed were conducted with competent and knowledgeable Bumdes. Data was collected using method, namely a dialogue between the researcher and the information provider, where the researcher asked questions and the informant answered questions. Interviews used structured questions, interviews involved Bumdes managers, village heads and communities related to Bumdes.

The application of their impact Bumdes governance principles and on Bumdes performance is the subject of this research, which is the subject research. Judging from the performance of the Bumdes, the election of the Bumdes in Maja Selatan implementation of good transparency and accountability.

Data analysis with interactive models. The first step in data analysis is reduction. In other words, it is the process of selecting, separating, and centralizing data to be simplified and modified from the data obtained in the field (Sofyani et al., 2019). Data reduction was done by posting interviews and results were coded for each note in the field.data or data that relevant and is suitable for answering the question, and will exclude data that is not appropriate. The clustering is done after the coding and is based on the governance principles in the described research, such as transparency, responsiveness, professionalism, rule of law, and strategic vision. The second step is the data presentation step structured information presentation step, where the researcher can draw conclusions. The data presented in this study is form of narrative text (Sofyani et al., 2019). The final step, namely drawing conclusions and verifying data collection, in this qualitative research looks for any obstacles and constraints based on field observations, evaluates and explains employees based on data obtained in the field, according to the path obtained in the field. collecting data from observations in the field requires special handling, there is a need for archiving existing data as important documents, to obtain data through field observations by conducting interviews and documentation.

Table 1. Profile of BUMDes Maju Jaya Desa Maja Selatan Subdistrict Maja Kab

NO	Information	BUMDes Maju Jaya Village Maja Selatan
1	Name of Respondent	Abu Dzar Al ghifari, SE
2	Position	Director of BUMDes Maju Jaya
3	Last Education	Bachelor Degree
4	Length of Managing BUMDes	6 Years
5	Age Category BUMDes Director	40 Years
6	Address	Block Sunday Maja Seatan Village Maja District Majalengka District
7	Years Established	2014
8	Capital	100% initial capital from southern
9	Business Units	Traditional Market
10	Turnover	Rp 950,000,000
11	Number of Employees	9 people
12	Contributions to PADES	IDR 25,000,000 / year into the APBD of South Maja Village
13	Social	Problems faced Labor problems, waste processing problems

Maju Jaya BUMDes data in Maja Selatan Village, Maja District

IV. Results and Discussion

4.1 BUMDes Governance Indicators

In essence, governance consists of six governance principles: (1) collaborative, (2) participatory, (3) open, (4) transparency, (5) accountability, and (6) sustainability. Can be categorized (Purnomo, 2016). The Substance of Treatment Enterprises Owned (BUMDes) was developed based on literature and regulatory studies, and input is obtained from REA using BUMDes.Owned Enterprises (BUMDes). It represents a sample of entities characteristics hybrid and social) and in line with the concept of social enterprise. Village-Owned Enterprises (BUMDes) are units economic and business that must balance achieving efficiency and profit with the goals mission social According to and Ghatak (2017) mentions a compromise between two goals (profit and social). as a mission integration problem. Pestoffand Hulgård (2015) states that social enterprises differ from commercial enterprises in terms of corporate governance. Governance in social enterprises structurally emphasizes stakeholder involvement rather than between owners and

managers, or is called participatory or democratic governance. Based on the characteristics of BUMDes as a social enterprise, Governance Indicators governance and participatory Making indicators based on certain regulations (Regulation of the Minister of Villages, Development of Disadvantaged and Establishment, Management and Management and Dissolution of Village-Owned Enterprises, No. 4 Republic of Indonesia 2015). concerning the formation, management, administration, and dissolution of BUMDes, village heads role in the formation, management, administration and disbandment of BUMDes, reports on development of underdeveloped areas, and migration.indicators were developed presented to three BUMDes directors to get responses to responsible corporate governance carried out by BUMDes Maju Jaya, Maja Selatan Village, Maja District, Majalengka Regency,saying indicators business were responsible the prepared section. The results of the processing results are related to indicators the made, including: (1) The indicators are made quite complete and represent the principles of governance. (2) sake of simplicity, we need a detailed more description of some of the edited text. This is due to the diverse educational background and experience of Managers BUMDes. (3) BUMDes Maju Jaya needs to design governance indicators at every level.

Table 2. Principles of Transparency and Indicators Governance Transparency BUMDes

	Indicators implemented
T.1	Mechanism of control and evaluation in the performance of BUMDes
T.2	Recruitment system of KSryswsn and business units
Q.3	Mechanism of procurement of infrastructure and infrastructure facilities (Legacy)
Q.4	Mechanisms for managing assets
T.5	Mechanisms for financial management of various sources of income for BUMDes
T.6	Financing standards
Q.7	Methods and techniques for selecting workers and staff
Q.8	Techniques and methods of evaluating performance for employees
Q.9	How to provide benefits for BUMDes managers
Q.10	How to provide performance-based rewards and punishments
T.11	Techniques and methods of being responsible for BUMDes managers (finance, performance, and business expansion)
Q.12	Mechanisms for increasing BUMDes capital and cooperation with parties outside BUMDes
Q.13	Mechanism for using and sharing BUMDes profits
T.14	Mechanism for monitoring and evaluating the performance of BUMDes employees

T.15	Legality of documents from business unit B UMdes
T.16	BUMDes financial periodical reports that can be accessed by the public

Accountability Principles and BUMDes Governance Indicators

Accountability	A.1	Direction and authority of BUMDes ADRT rules
	A.2	BUMDes Articles of Association and BUMDes Bylaws
	A.3	Efforts and methods of regulating BUMDes
	A.4	Documentation in the business plan
	A.5	Strategic planners (Renstra) in 5 years
	A.6	Annual Work Program Plan
	A.7	Implementing standards with results, and results of financial income (Revenue and Expenditure Plan and Budget)
	A.8	There is a defined procedure (SOP) managers BUMDes
	A.9	standards Performance activities core BUMDes based on SOP
	A.10	There is a defined procedure (SOP) for BUMDes managers and employees
	A.11	The recording of each financial report (income and expenditure) must follow Standard Operating Procedures (SOP)
	A.12	In managing accounts payable business units, must follow standard operating procedures (SOP)
	A.13	Inventory control must comply with Standard Operating Procedure (SOP)
	A.14	The use and management of BUMDes assets must follow standard operating procedures (SOPs)
	A.15	In budget payroll , in accordance with standard operating procedures (SOP)
	A.16	In budget payroll , in accordance with standard operating procedures (SOP)
	A.17	In the use and financial reporting in the BUMDes business unit, it must comply with the Standard Operating Procedure (SOP)
	A.18	In monitoring and evaluating the performance of BUMDes,

		Standard Operating Procedures (SOPs)
	A.19	The existence of an internal control system in BUMDes
	A.20	BUMDes financial reports and budgets are carried out periodically
	A.21 Abdete	accounting system must be computer-based and online
	A.22	Carry out Verification of BUMDes financial reports and budgets to supervisors

Table 2 above shows the principles and sections identified in study. These indicators are perfect indicators that BUMDes must have in order for BUMDes to get good results. For indicators of transparency and accountability, BUMDes has information and documentation related to these indicators, as well as how much information and guidelines that can be applied or implemented in the management Owned Enterprises (BUMDes) are expected. When measuring aspects of transparency and accountability, you need to look at the availability of published information, as well as the application layer and documents. This is because BUMDes implemented governance indicators these but most likely did not prepare documentation for governance. Or vice versa, it has become an information and governance document, but has not been fully implemented. On the other hand, indicators related to cooperative, participatory, liberating and sustainable principles are measured based on implementation. The average implementation of governance in each figure BUMDes is 2.9%. This may indicate that indicators of the level of governance implementation are still relatively low (the theoretical median is less than 3). BUMDes that apply markers of good governance are BUMDes Sejahtera (South Sulawesi) and BUMDes Amanah (East Kalimantan). BUMDes Sejahtera, 8 years old, runs a savings and loan business, cattle breeding and fisheries, as well as LPG. BUMDes Amanah is 9 years old and works for irrigation water treatment companies, market management and many more (village gardens, Brilink agents, oil palm nurseries). The least implemented BUMDes are Bailo Tambu BUMDes, Maeran Diva BUMDes, and Mukti Tama BUMDes which average less than two years. The two BUMDes are BUMDes (Pilot Projects) newly established focus on business development, so that the availability of documents and compliance with governance is still relatively low finding. This indicates that there is a positive between BUMDes age and the level of implementation of good BUMDes governance. This analysis finds that micro-enterprises (similar to pioneering BUMDes) tend to focus on corporate sustainability, do not consider the implementation of governance, and remain large (2016). Same with survey results. From all aspects of governance, the sustainable aspect is the less than optimal aspect.

V. Conclusion

The main objective of this research is to design indicators that can be used to explain BUMDes governance. The markers were edited based on a review of regulations and literature, and FGDs with BUMDes managers, then six BUMDes governance principles: (1) collaborative, (2) participatory, and (3) open concept, (4) Transparency, (5) Accountability, and (6) Extension. As a result of the investigation, (1) since most of the BUMDes investigated are pilot BUMDes, the main points of governance (AD)/ART and details of governance documents for each governance item are shown. (2) A marker that reflects the governance of BUMDes. It is necessary to distinguish between breakthrough, growing, mature, advanced and large BUMDes. Many markers were not achieved because the markers compiled were considered very suitable for BUMDes.

According to the survey results, the expansion aspect is the aspect that has not received much attention, while the participatory aspect is the aspect with the highest level of implementation. In general, the level of implementation of BUMDes governance in Indonesia is still low. The level of implementation of BUMDes governance is actually correlated with the age of BUMDes, but the number is very small in this study due to the limited speed of slow response. After presenting the research results, it was found that there was a cross, so research was needed to criticize the existing markers participatory indicators with aspects only. On the other hand, there is no mistake in the plan. This study did not test the validity and reliability of the constructed indicators. Governance markers also need to be improved, especially considering the type of BUMDes. Due to the different weighting in each BUMDes typology. This study suggests that BUMDes financial management needs guidelines for BUMDes financial management to prepare governance documents such as strategic planning, internal control systems, and financial management. This study disseminates regional data that still need to be heavily revised so that it can be used as a basis for building empowerment programs, either through village government assistance programs or community service programs.

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