

## The Governance and Business Behavior of BUMDesa in Jambi Province

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### Abstract

The presence of Village-owned Enterprises (BUMDesa) reaches 58% of the number of villages in Jambi Province. However, none of the BUMDesa in the Province are in the advanced category (the highest category at the national level). BUMDesa Management requires good and correct business governance. The purpose of this study is to explore the governance and business behavior of BUMDesa in Jambi Province. This research is a type of qualitative research with the type of phenomenology. The analytical tool used is qualitative analysis and logical analysis. The conclusion of this study is that BUMDesa managers still have not used good and correct business governance and business behavior in the form of applying aspects of transparency, accountability, responsibility, independence, fairness and equality, dare to take risks, sustainable development, and proactivity in facing competition.

**Keywords:** *the governance, business behavior, BUMDesa*

### Introduction

The village is the unity of the legal community that has the boundary of the Territory, which is authorized to govern and manage the affairs of the Government, the interests of local communities based on Community initiatives, rights of origin, and/or recognized traditional rights and The unitary State government system of the Republic of Indonesia (NKRI). As representatives of the country, the village is obliged to build both physical development and human resource generation, as an effort to improve the quality of life and life for the maximum welfare of the village community (law No. 6 of 2014).

As one effort to empower the community as well as increase the indigenous income, especially the original income of the village and according to the mandate of the Law of the village No. 6 of 2014 that each village need to form a BUMDesa. BUMDesa is the village-owned business entity manage by the village government and is a legal entity. To support the existence of BUMDesa, the tomb of the Ministry of Villages, Transmigration and disadvantaged areas (Kemendes) has issued the Ministerial Regulation (Permendes) No. 4 of 2015, that the improvement of village quality will continue to be pursued through Four priorities of the program is the village`s enterprises (BUMDesa), one village one products, and village`s sports facilities.

According to the PDT Kemendes, until November 2018 BUMDesa has reached 41 thousand units spread in 74,957 villages in Indonesia. This indicates that the existence of BUMDesa has reached 64% of villages in Indonesia. While in Jambi province, BUMDesa reaches 770 units spread over 1339 villages. The complete recap of the number of BUMDesa scattered in Jambi province is as follows:

**Table 1. Recap Of The Number Of BUMDesa Scattered In Jambi Province**

Num ber	REGENCY	TOTAL		
		DISTRICT	VILLAGES	BUMDesa
1.	Kerinci	16	285	126
2	Merangin	24	205	58
3.	Sarolangun	10	149	18
4.	Batanghari	8	110	109
5.	Tanjung Jabung Barat	13	114	87

Table Cont...

6.	Tanjung Jabung Timur	11	73	53
7.	Muara Jambi	11	150	143
8.	Bungo	16	141	57
9.	Tebo	12	107	76
10.	Sungai Penuh	8	65	43
<b>TOTAL</b>		<b>129</b>	<b>1339</b>	<b>770</b>

*Source: Data is processed from the Ministry of Villages, Transmigration and Disadvantaged Areas, 2018.*

Based on Table 1, BUMDesa has reached 58% the villages in Jambi Province. See the amount of Bumdesa scattered in Jambi province then Bumdesa has the potential to be developed better in the quantity even from the quality BUMDesa. Tshipa (2017) suggests that governance is a process of adapting a business to be able to articulate demand in action, the courage to take risks, learn from mistakes, and be able to make changes.

Meanwhile, Lofsten (2016) explained three types of business behavior. First, business behavior that dares to take risks and is responsive in managing those risks, and taking action in dealing with the uncertainty of the business environment. Second, continuous product innovation, following the dynamic times through the application of technology. Third, proactive business behavior in the face of competition.

Anggraini (2017) argues that business behavior can be defined as a governance evaluation of various activities and strategies used by business people when carrying out their work responsibilities. One of the results of research on the quality of BUMDesa was conducted by Budiono (2015) at 419 BUMDesa in Bojonegoro Regency. Budiono's research results (2015) found that quality BUMDesa reflected by BUMDesa considered successful was also not able to contribute to village cash income or Village Original Revenues (PADes).

Improving the quality of BUMDesa as a business entity is one of them through good business governance and good business governance. Several studies have been conducted relating to problems faced by BUMDes. Anggraeni (2016) shows that the main problem is the communication problem between the BUMDes, the village government, and the village community, and the problem of transparency and accountability. Fitriana, Utami, and Hapsari (2018) examined the accountability of joint BUMDes fund management in Susukan District, Semarang Regency. The results showed that there were discrepancies between the reports and the implementation of activities, the disbursement of funds that were not supported by evidence, and the verification of reports was not conducted every month, which indicated that accountability was still relatively poor.

Pramita (2018) found that understanding of BUMDes management regarding the Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia No. 4 of 2015 concerning Establishment, Management and Management, and dissolution of Village-Owned Enterprises and the use of information systems had a positive effect on the accountability of BUMDes management in Magelang Regency. The research can conclude that one of the factors that causes the development of BUMDes is not optimal is the problem of corporate governance (CG) BUMDes.

Alkadafi (2014) proved that the BUMDes institutional management in Selensen Village has contributed to the strengthening of the community's economy. BUMDes has contributed in moving the wheels of the community's economy, increasing the processing of village potential in accordance with community needs, and can be the backbone of community economic growth and equity and contribute to Village Original Income (PADes). Similar research was also carried out by Ulinnucha, Susilowati, & Saptono (2016) which concluded that the existence of BUMDes has contributed to the village economy and increased PADes in Semarang Regency and Magelang Regency.

The results of the research by Syukran & Tauran (2016) concluded that the presence of BUMDes "Bersama" had a great impact on strengthening the institutional capacity of BUMDes enhancing the capability of managing BUMDes businesses based on managing village potentials, increasing the income of

rural communities and the original income of the village, increasing creativity, innovation and variety of BUMDes businesses, developing business cooperation plans between villages and or with third parties, and creating opportunities and market networks that support the public service needs of citizens. The BUMDes development of Temboro Village, Karas District, Magetan Regency has also succeeded in creating new businesses, absorbing workforce, increasing the welfare of the community and contributing to development and directly impacting the rural economy and community culture (Kirowati & Dwi, 2018).

Purnamasari (2016) conducted a qualitative study on the effectiveness of BUMDesa in Warungbambu Village, East Karawang District, Karawang Regency. The results of this study indicate that in achieving the objectives of the effectiveness of BUMDesa management is still not effective and efficient, the village community does not know clearly the stages in the formation of BUMDesa so that the impact on the implementation of BUMDesa management creates new conflicts and disintegration in the community, and the village community has not been able adjust to the implementation of BUMDesa because the community lacks managerial skills in managing BUMDesa and is not supported by facilities and infrastructure to carry out BUMDesa activities.

Lusiyana (2013) conducted a qualitative study related to the analysis of the application of the principles of BUMDesa Wirakarya management in Trimodadi Village, Abung Selatan District, North Lampung Regency. The results of the study stated that the BUMDesa has implemented five BUMDesa management principles properly, namely the principles of Transparency, Accountability, Responsibility, Independence, Fairness, but the principle of Equality has not been implemented optimally.

Zarman (2018) concluded that based on the results of observations, interviews with key informants and the distribution of questionnaires to the community can be assessed as a whole from the Indicators of Transparency, Accountability, Responsibility and Fairness, it can be concluded that the BUMDesa in Makmur Village, Pangkalan Kerinci, Pelalawan Regency, after recapitulation as a whole, is in the category that has been implemented but is not maximal.

Widiastuti et al (2019) stated that based on the survey results it showed that the sustainability aspect was the aspect that did not receive the most attention, while the participatory aspect was the aspect that had the highest applicability. In general, the level of applied governance of BUMDes in Indonesia is still relatively low. The level of applicability of BUMDes governance appears to correlate with the age of BUMDes.

Tanjung (2018) concluded that BUMDesa Sampali Sejahtera has not implemented the principles of transparency, accountability, responsibility, and independence properly in accordance with the GCG principles issued by the KNKG. While the aspect of fairness and equality has been done well where the BUMDesa management never differentiates managers based on ethnicity, background. In addition, the principle of fairness and equality is demonstrated by the existence of a reward and punishment system.

Based on the phenomenon and research gap research, this research becomes interesting and important. This research is interesting because of the phenomenon of research in the form of BUMDesa which reaches 64% of the number of villages in Indonesia and the existence of BUMDesa that reaches 58% of the number of villages in Jambi Province. It shows that more than half the villages have BUMDesa in their villages. However, with the large number of BUMDesa in Jambi Province, no one is included in the advanced category (the highest category at the national level). It's suspected that BUMDesa managers have not used good business governance and business behavior.

On the other hand, this research is an important research because several studies on several business entities have been carried out by the Research Team and research on BUMDesa has been conducted by other researchers, however the research gap is still found in the form of BUMDesa research in the context of business entities on governance and business behavior never been studied. Therefore this study is entitled Governance and Business Conduct of Village-Owned Enterprises in Jambi Province. Therefore, the purpose of this study is to explore the governance and business behavior of BUMDesa in Jambi Province.

## Methods

This research is a type of qualitative research with the type of phenomenology. This research was conducted on managers of BUMDesa. This study uses logical analysis Guzavicius (2014) and Sukandar (2017), and qualitative analysis.

## Results and Discussion

The results of this study found that in business governance the aspects of transparency in managing BUMDesa in Jambi Province were not fully transparent. This can be seen from the absence of sufficient, accurate, and timely disclosure of information to interested parties. This is because the BUMDesa manager does not fully disclose information that is easily accessible in accordance with predetermined restrictions.

This result is in accordance with Tanjung (2018) and Purnamasari (2016) research which states that BUMDesa has not implemented the principles of transparency, accountability, responsibility, and independence in accordance with the GCG principles issued by the KNKG.

In the aspect of accountability BUMDesa managers also cannot be achieved by BUMDesa in Jambi Province. BUMDesa Managers have not been able to apply the clarity of functions, implementation, and accountability of individuals so that BUMDesa management cannot be carried out effectively.

These results are consistent with research by Fitriana et al (2018) which states that there are discrepancies between the reports and the implementation of activities, disbursement of funds that are not supported by evidence, and verification of reports is not done every month, which indicates that accountability is still relatively not going well.

The responsibility of BUMDesa managers has not yet been fully able to be done by BUMDesa managers in Jambi Province. This inability is in the form of the absence of clear and healthy forms of business accountability to consumers. This can be caused by the regulations related to BUMDesa that are not obeyed by the managers so that when problems arise the manager is unable to take the responsibility action that should be done.

These results are in accordance with Purnamasari (2016) which states that the management of BUMDesa has not been effective. These results are also in line with the results of Tanjung (2018) which concluded that the aspects of BUMDesa's responsibility had not been implemented well.

Many BUMDesa in Jambi Province have not been able to manage their business independently. This is because all BUMDesa in Jambi Province have a source of funds from the allocation of village funds from the government. This can lead to conflicts of interest and intervention. These results are in accordance with Zarman's research (2018) which states that the independent aspects of BUMDesa cannot be implemented optimally.

Some BUMDesa managers also have not been able to apply the aspects of fairness and equality to all parties concerned with BUMDesa in accordance with the criteria and the proper proportions. BUMDesa Managers also have not provided equal opportunities to villagers to express their opinions for BUMDesa interests and do not provide rewards and punishment in accordance with applicable policies. It because the appointment of BUMDesa leaders is generally still based on family relations or on the recommendation of village officials so that decisions are made based on the interests of only a few parties.

The results of this study are in line with research conducted by Lusiyana (2013) which states that the aspect of equality has not been carried out optimally. Tanjung's (2018), Zarman (2018), and Purnamasari (2016) also stated that the aspects of fairness and equality had not been carried out optimally.

Whereas in business behavior in the aspect of taking risks, there are not many BUMDesa managers who dare to take risks related to the business being run. This is because in determining the object of the business is still following other businesses without any development. These results are not in accordance with the research of Nyoman and Made (2019) which concluded that the risk-taking aspect was well implemented.

Similar to managers' reluctance to take risks, BUMDesa managers also felt no need to develop sustainable businesses because of the tendency to be in a safe zone. In addition, the lack of forecasting capabilities makes

managers tend to only run businesses that they have benefits. These results are in accordance with research conducted by Widiastuti (2019) who concluded that the sustainability aspect is the aspect that has received the least attention.

Many BUMDesa managers are not proactive on competition. This is because the manager assesses that competition in similar businesses does not significantly affect the businesses they manage. So that when managers realize that their competitors are developing faster than they can handle, the BUMDesa businesses they manage have entered a downward cycle. The results of this study are not in accordance with Nyoman and Made (2018) which states that the proactive aspect of competition has been implemented at BUMDesa in Buleleng Regency.

## Conclusion

The conclusion of this study is that the application of the governance and business behavior has not been implemented in the management of BUMDesa. This is due to the process and unpreparedness of the BUMDesa management resources themselves.

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