

Good Governance Principles Analysis of the Village Business Are Reviewed from Transparency, Accountability, Responsibility, Independence, and Fairness

Masiyah Kholmi*

Universitas Muhammadiyah Malang
masiyah@umm.ac.id

Abstract. Good Governance is a necessity for every individual and organization, including Village Owned Enterprises. This research aims to analyze the principles of good governance of the Village Owned Enterprise of indicators of transparency, accountability, independence, and fairness. This research uses descriptive qualitative analysis method. Data collection in this study through the distribution of questionnaires. The sample of this research was 52 using a purposive sampling method. The results showed that the principles of good governance of Village-Owned Enterprises include transparency, accountability, responsibility, independence, and fairness. Respondents (70,86%) on average answered agreed that needed indicators of good governance principles, 25,59 % strongly agreed, although there were still (0,096%) strongly disagreed the independence indicator related to protection from interventions other parties.

Keywords: *accountability, BUMDEs, indicator, good governance*

INTRODUCTION

In the last fifteen years, good governance has become the center of attention of various parties, including regulators, stakeholders, and academics. Good governance of an organization/company/institution can create added value for all stakeholders and reduce conflicts of interest among stakeholders. In practice, good governance in every country is different because it is related to the economic, legal, social, and cultural systems. The General Guidelines of Good Corporate Governance (GCG) explain that the principles of GCG are transparency, accountability, responsibility, independence, fairness, and equality [1], and the General Guidelines of Good Public Governance Indonesia (GPGI) explaining that the principle of GPGI is a democracy, transparency, accountability, legal culture, fairness and equality [2]. Meanwhile, according to the Organization for Economic Co-operation and Development (OECD), explain that the basic principles of Good Corporate

Governance (GCG) are fairness, accountability, transparency, and responsibility [3], [4].

Good Governance is a necessity for every individual and organization, including Village Owned Enterprises (BUMDEs). The implementation of GCG can encourage the creation of healthy competition and a conducive business climate [1], and function effectively and efficiently in the effort to achieve the stated goals. BUMDEs governance needs to be done so that BUMDEs that have been established can run in a directed and professional manner in achieving the BUMDEs goals, namely to improve the village economy, strengthen village original income and increase village potential by community needs and strengthen the village economy [5].

Village-Owned Enterprises, abbreviated BUMDEs, is an institution established by the village government following the needs and potential of the village through various economic activities of rural communities in realizing the welfare of the village community and village government. According to [6], BUMDEs is one of the policy strategies to improve the quality of life of Indonesian people in the villages. Villages are seen as disadvantaged compared to cities in terms of economy, welfare, education, and infrastructure. So the government conducted a program to encourage the acceleration of rural development, but the results have not been significant in improving the welfare of rural communities [7], [8].

The results of [9] research show that only BUMN and large companies in the forestry sector have understood and applied the principles of Good Governance, while most of the small-scale companies have not known or applied the principles of Good Governance. [10] research results show that transparency, accountability, and participation in village financial management are important aspects in creating good governance as stipulated in Law No. 14 about Villages.

Seeing these conditions, the researcher is interested in researching the principles of good governance BUMDEs in Jombang in terms of the 5 (five) governance principles, namely transparency, accountability, responsibility, independence, and fairness. The purpose of the study was to analyze the principles of good governance of Village-

Owned Enterprises in terms of the indicators of each BUMDes governance principle. This research has the benefit of contributing information on indicators of transparency, accountability, responsibility, independence, and fairness that can be used as instruments for the good governance of village-owned enterprises in general and in particular the BUMDes of Jombang Regency.

METHOD

The location of this research was carried out in 3 districts of Jombang Regency. The choice of location is based on information from staff from the Office of Community Empowerment and Village of Jombang District. It showed that three sub-districts namely Wonosalam, Diwek, and Peterongan sub-districts are potential districts for the development of Village Owned Enterprises in Jombang. Each district has the following BUMDes: Wonosalam District (9 Bumdes), Diwek District (20 Bumdes), and Peterongan District (14 Bumdes). The study population included all Village Chiefs, Directors, Treasurers, and Bumdes Supervisors in those 3 districts.

Data collection was divided into two stages: the preparation phase and the data collection stage. First, the preparation phase includes two main activities, namely the preparation of the questionnaire and the determination of respondents. The preparation of research questionnaires (questionnaire) related to indicators of governance principles refers to the General Guidelines for Good Corporate Governance [1]. The indicators are then poured into a questionnaire submitted to the respondent. Second, the stage of data collection in this study through the distribution of questionnaires. The questionnaire was distributed to the Village Head, Director, Treasurer, and Bumdes Supervisors in Jombang district, namely subjects who were actively involved in BUMDes activities.

This study uses research variables transparency, accountability, responsibility, independence, and fairness. Each variable is measured with a Likert scale model that measures indicators of the principles of good governance of Village-Owned Enterprises by stating in the category of strongly disagreeing to strongly agreeing to questions raised with a score of 1, 2, 4, and 5.

This research tends to non-hypothesis with several steps of analysis data. The results of the respondent's answers were tabulated and tested for validity and reliability testing. Each validated and reliable variable is performed qualitative descriptive analysis, which describes the data that has been grouped on respondents' answers based on a certain frequency which is then used to answer the problem under study.

RESULT AND DISCUSSION

Data Description

This research was conducted in 6 months, May to October 2019. After the data were collected, the data tabulation was then carried out according to the need for validity and reliability testing. 132 questionnaires were distributed to parties related to BUMDes managers in 3 (three) sub-districts in Jombang as respondents. 52 respondents responded, so there are still many questionnaires to be tabulated and analyzed further.

Data Testing

Before the data were analyzed, a test of validity was carried out to find out whether the gauges that have been prepared have validity or not. Of the 24 questions raised by respondents, 6 questions for transparency indicators, 7 questions for accountability indicators, 5 questions for accountability indicators, 4 questions for independence indicators, and 2 questions for fairness indicators. The approach in the validity test is done by comparing the *r* arithmetic number (Pearson correlation) with the value of *r* table or the minimum value of *r*, the score is at least 0.05. (valid if the value of $r > 0.05$). Through the test, the validity of the questions was declared 22 and 2 items were invalid.

This test of reliability is intended to determine the level of consistency on the measurement results if done twice or more of the symptoms and the same respondent will show the same results as the test results previous. The method used is reliability testing with Cronbach's technique Alpha, the instrument (Likert scale) is considered reliable if the alpha value above its value is greater than 0.6000. Based on reliability testing with the results of the coefficient $\alpha > 0.60$, the results can be concluded that reliable question items. The reliability test results are presented in the following table:

Table 1. Reliability Test Results

Variable	Alpha Value	Information
Transparency Principle	0,759	Reliable
Accountability Principle	0,729	Reliable
Responsibility Principle	0,750	Reliable
Independency Principle	0,691	Reliable
Fairness Principle	0,814	Reliable

From the results of the above output, it can be seen that the value of validity and reliability tests carried out on 52 respondents needs further analysis to get valid and reliable data. To identify and analyze the principles of good governance of Village-Owned Enterprises in terms of indicators of transparency, accountability, responsibility, independence, and fairness can be done by adding up the score (number) of respondents' answers and

determining the percentage level of each indicator, as in the table below:

Table 2. Respondent's Answers

Information	1	2	4	5
Transparency indicator	0	6,15%	72,30%	21,55%
Accountability indicator	0	1,97%	69,51	28,50%
Responsibility	0	3,85%	73,07%	23,08%
independence	0,48%	4,33%	71,15%	24,04%
Fairness	0	0,96%	68,27%	30,77%
Mean	0,096%	3,45%	70,86%	25,59%

1 = strongly disagree 2 = disagree 4 = agree 5 = strongly agree

Based on the answers of respondents (managers) of Village-Owned Enterprises to good governance principle indicators can be explained in twenty-two (22) question items. Transparency indicators are five (5) questions, accountability indicators are six (6) questions, indicators are accountability (5) questions, indicators are independence four (4) questions, and indicators are the reasonableness of two (2) questions. Transparency indicators that have been proposed, the results of the analysis show 72.30% answered agree and 21.55% answered strongly agree, but 6.15% answered disagreed. From this analysis, it can be concluded that transparency is needed to carry out the governance of village-owned enterprises. This is supported by the research of [11], the Good Corporate Governance implementation is very necessary to fulfill on the trust of the community and the international community as an absolute requirement for companies to develop well and healthy with the ultimate goal of realizing shareholder value.

Transparency is an open process to convey information or activities carried out, such as 1) financial information in a timely, accurate and comparable manner, 2) ease of accessing information for stakeholders, 3) disclosure of event information that can affect the conditions of the BUMDes, 4) the existence BUMDes policies in writing and are proportionally communicated to stakeholders, and 5) information dissemination through other media and institutions. The hope is that the parties who are indirectly involved take responsibility for providing oversight. Facilitating access to information is an important factor in creating transparency. The principle of transparency is implemented by Bumdes Wirakarya management by providing accurate and relevant information that is easily accessible and understood by members and the public [12].

Indicators of accountability have been proposed, the results of the analysis showed 69.51% of respondents answered agree and answered 28.50% strongly agree. From this analysis, it can be concluded that accountability is needed to carry out the governance of village-owned enterprises, a small portion of 1.97% answered disagree.

Corporate governance is based on Stakeholder Theory [13], that companies have become very large and cause communities to be very pervasive so that companies need to carry out accountability to various sectors of society and not just to their shareholders.

Indicators of accountability that have been proposed, the results of the analysis showed 73.07% of respondents answered agree and answered 23.08% strongly agree. In managing Bumdes, stick to the principle of prudence and obey the rules, including the AD-ART. Bumdes manages community funds, Bumdes has responsibility for the community and the environment and can develop public service programs according to community needs. To achieve the success of Bumdes requires Standard Operating Procedures (SOP). From this analysis, it can be concluded that accountability is needed to carry out the governance of village-owned enterprises. The results of [5] explained that the purpose of BUMDes is to improve the village economy, optimize village assets, increase community businesses, create jobs, empower the community's economy, encourage the economic development of rural communities, create opportunities and market networks, and reduce unemployment in the village.

CONCLUSION

Based on the results of data analysis it can be concluded that: respondents agreed to the indicators of the principles of good governance of Village-Owned Enterprises, including transparency (72.30%), accountability (69.51%), accountability (73.07%), independence (71.15%) and reasonableness (68.27%). Most respondents (70.86%) on average answered agreed that needed indicators of good governance principles, 25.59% strongly agreed, although there was still a small proportion of respondents (0.096%) strongly disagreeing independence indicators related to protection from interventions other parties.

Weaknesses of research, lack of information, and data obtained from respondents due to limited data from questionnaire collection, this allows the occurrence of bias because respondents tend to not give answers correctly. For future research, data collection supported by interviews will be better.

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