

Research Article

Implementation of Good Governance Principles in BUMDes Wija Sari Samsam Village

Desak Made Mya Yudia Sari^{1*}, Ida Ayu Nirma Prameswari², Ni Putu Indah Jeniari³

¹⁻³ Mahasaraswati University Denpasar, Indonesia

* Corresponding Author : e-mail : myayudiasari@unmas.ac.id

Abstract: The implementation of Good Corporate Governance principles plays a crucial role in ensuring that transparency, accountability, and sustainability are able to optimally support village economic development. The purpose of this study is to analyze in depth the implementation of Good Corporate Governance principles, including transparency and participatory, in the Wija Sari Village-Owned Enterprise in Samsam Village. This study uses a qualitative case study with an interpretive paradigm as the umbrella and research method. Qualitative observation data used include observation, interviews, and documentation using four key informants and validators. The Wija Sari Village-Owned Enterprise in Samsam Village, was chosen as the research site. The results of the study indicate that transparency and participatory characteristics can be implemented in accordance with applicable rules and procedures at the planning, implementation, and accountability in the management of the Village-Owned Enterprise, whose funding sources are transferred through village funds. Although several obstacles were found in the management process, such as limited competent human resources and balanced with digitalization to support real-time data transparency. This research is expected to be a reference for other Village-Owned Enterprises or similar institutions in optimizing the principles of Good Corporate Governance for the welfare of village communities in accordance with their objectives.

Keywords: Accountability; Digitalization; Good Corporate Governance; Participatory; Transparency

1. Introduction

A Village-Owned Enterprise (BUMDes) is a village business managed by the Village Government and is a legal entity. The village government can establish a BUMDes according to the needs and potential of the Village. The establishment of a BUMDes is stipulated in a Village Regulation and its management consists of the village government and the local village community. The enthusiasm for establishing a BUMDes following the enactment of Law Number 6 of 2014 concerning Villages brought renewal to the village economy. Villages, which have always been connoted as underdeveloped areas, have the opportunity to change their face to become more independent and prosperous. A BUMDes is a business entity whose capital is wholly or mostly owned by the village through direct participation originating from village assets that are separated to manage assets, services, and other businesses for the greatest welfare of the village community.

Based on the Law of the Republic of Indonesia Government Regulation Number 11 of 2021 concerning Village-Owned Enterprises in Article 4 stipulates that in realizing the objectives of Village-Owned Enterprises/Joint Village-Owned Enterprises as referred to in Article 3, the management of Village-Owned Enterprises/Joint Village-Owned Enterprises is carried out based on the spirit of kinship and mutual cooperation with the principles of professionalism, openness and responsibility, participation, prioritization of local resources, and sustainability. The goal of village welfare to be achieved must be balanced with a good knowledge of BUMDes. Because without capital, a good understanding of the formation and management of BUMDes can actually cause the BUMDes that has been pioneered together to be unable to develop properly, even experiencing losses. Therefore, an overview of the

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management mechanism of a well-governed BUMDes that prioritizes the principles of BUMDes management in accordance with government regulations should be played optimally by its managers.

The principles of good governance influence the performance of Village-Owned Enterprises (BUMDes) management, including transparency, accountability, responsibility, independence, and fairness. BUMDes can establish businesses engaged in the economic and/or public services sectors, such as servicing, banking, renting, brokering, trading, holding, and contracting. The principles of good governance align with the principles of BUMDes management, as stipulated in Article 4 of Government Regulation of the Republic of Indonesia Number 11 of 2021 concerning Village-Owned Enterprises. The interconnectedness of governance principles and BUMDes management principles begins with transparency by maintaining business objectivity. BUMDes must provide relevant information in a manner that is easily accessible and understandable by stakeholders. BUMDes must take the initiative to explain not only issues required by laws and regulations but also matters important for stakeholder decision-making. Increasing BUMDes transparency in disclosing conditions and information will increase public trust in depositing their funds in BUMDes, thereby improving BUMDes management more optimally.

Accountability is a Village-Owned Enterprise (BUMDes)'s commitment to being accountable for its performance. Therefore, BUMDes must be managed properly, measurably, and in accordance with BUMDes's interests, while still considering the interests of stakeholders. Implementing accountability will result in financial management that truly reflects the interests and expectations of the community, economically, efficiently, effectively, transparently, and responsibly. Therefore, the more accountability is enhanced within BUMDes, the better its management will be.

Responsibility is a requirement for BUMDes to comply with laws and regulations. BUMDes must comply with laws and regulations and carry out responsibilities towards the community and the environment. Carrying out responsibilities to stakeholders and caring for the village community so that BUMDes can operate transparently and accountably. Independence is the attitude of BUMDes that has no affiliation with any party. To facilitate the principles of good governance in BUMDes, its management must not be dominated by any party and its decisions must be objective, meaning free from the interests of various parties. Therefore, fairness and equality will further be a priority in improving BUMDes management because it pays attention to stakeholders towards a better direction.

Realizing good governance, including at the village level, through BUMDes is important to improve the performance of village governments, encourage transparency and increase community participation in development. One of these achievements has currently been implemented in one of the BUMDes in Tabanan, Bali, namely BUMDes Wija Sari Samsam Village. The implementation of good governance in the village, especially BUMDes Wija Sari can increase public trust in development. BUMDes Wija Sari as a village business institution plays a central role in improving community welfare and driving the village economy, the implementation of good governance ensures that BUMDes Wija Sari is managed efficiently and responsibly.

The stewardship theory approach provides a different perspective for understanding the relationship between management and organizational goals. Stewardship theory views management from the perspective of trustworthy management, which is committed to serving the public and stakeholders' interests optimally. Balancing stewardship theory with the implementation of good corporate governance is crucial for achieving organizational goals. To address this challenge, the application of good corporate governance principles is an urgent need to promote business sustainability. However, implementation within Village-Owned Enterprises (BUMDes) remains relatively limited and uneven. Therefore, a study of good corporate governance within BUMDes is crucial to assess the extent to which these principles are implemented.

2. Literature Review

The term corporate governance was first introduced by the Cadbury Committee in 1992 in its report known as the Cadbury Report. The issue of corporate governance has grown in importance as several significant economic events have occurred. The concept of corporate governance is expected to protect an organization and its stakeholders. Good corporate governance is related to stewardship theory, which assumes that humans are inherently trustworthy and capable of acting responsibly. Corporate governance is defined as a set of rules that

determine the relationship between stakeholders and managers in accordance with their rights and responsibilities. Corporate governance is a system that directs and controls companies in accordance with the goal of achieving a balance between the power of authority treated by financial institutions ranging from the smallest village level, including BUMDes to large companies. Good corporate governance can provide incentives for managerial behavior to achieve goals that are in the interests of the institution and stakeholders must facilitate effective oversight to encourage companies to use resources more efficiently.

According to Kaen (2003) and Shaw (2003), there are four main components that are considered in the concept of good corporate governance: fairness, transparency, accountability, responsibility, and independence. These five components are important because the consistent application of good corporate governance principles has been proven to improve the quality of financial reports and inhibit performance engineering activities that result in financial reports not reflecting the fundamental values of a company, whether operating in the economic or non-economic sectors. Meanwhile, independence is a primary requirement to ensure that decisions made in financial reporting and management are not influenced by personal or group interests.

The concept of transparency is necessary to maintain an organization's objectivity in conducting business by providing clear and accountable information. Meanwhile, accountability assesses the extent of an organization's performance. Responsibility, in contrast, ensures that managers comply with all work duties and regulations related to an organization's business. The self-actualization of an organization that is competitive within its business environment is conceptualized through independence. This allows the company to maintain fairness and equality for all village governments, BUMDes managers, and village communities. Therefore, maintaining and strengthening independence at both the individual and institutional levels is crucial for building a healthy, transparent, and accountable financial system.

3. Research Method

This research uses an interpretive paradigm. The research approach is a qualitative approach using case studies. In this study, primary data was obtained through field observations, interviews with informants behind the accountability of the management of BUMDes Wija Sari Samsam Village. Meanwhile, secondary data uses photos of activities and public documents in the form of Law Number 6 of 2014 concerning Villages, Regulation of the Minister of Home Affairs Number 20 of 2018 concerning Village Financial Management, Regulation of the Minister of Villages Number 4 of 2015 concerning the Establishment, Management and Administration, and Dissolution of Village-Owned Enterprises, Regulations and Decrees of the Samsam Village Government regarding the establishment, funding and management of BUMDes Wija Sari Samsam Village, Regulations and Decrees of BUMDes Wija Sari Samsam Village, AD/ART of BUMDes Wija Sari Samsam Village, Accountability Report for the Management of BUMDes Wija Sari Samsam Village 2017-2024, books related to BUMDes, theses, mass media, internet sites. This research was conducted after obtaining approval from the Head of Samsam Village by considering the ethical principles of research, namely informed consent, anonymity, and confidentiality (Hidayat, 2009).

There are two methods for finding research informants: snowballing sampling and key person sampling (Bungin, 2011). In qualitative research, the instrument or research tool is the researcher themselves. Therefore, as an instrument, the researcher must also be validated to what extent they are ready to conduct research that will then involve direct fieldwork. Data collection techniques used are through observation, interviews, and documentation. The case study analysis technique used follows the case study research design proposed by Yin (2009), which divides the case study process into three steps: 1) define and design, 2) prepare, collate, and analyze, and 3) analyze and conclude. To determine the validity (trustworthiness) of the data, an audit technique is required. The implementation of the audit technique is based on a number of specific criteria. There are four criteria used: credibility, transferability, dependability, and confirmability (Moleong, 2017). The research results are presented in the form of a written product from a multi-case version of a classic single case. This type of multi-case report will contain multiple narratives, usually presented as separate chapters or sections, covering each case individually. In addition to these individual case narratives, the report will also contain chapters or sections covering cross-case analysis and results (Yin, 2009).

4. Results and Discussion

Transparency: Implementation of Good Governance Principles at Wija Sari Village-Owned Enterprises in Samsam Village

Transparency is an activity that influences governance in the management of BUMDes Wija Sari Samsam Village, due to capital participation from the village government in the form of financing and village assets that are handed over to be managed as part of the Samsam Village Government and the village community. Therefore, operational managers who are directly supervised by the village head and supervisory board organize management planning for BUMDes Wija Sari Samsam Village which starts from September-October of the relevant year which starts from holding coordination meetings, work plan meetings and general work plan meetings by inviting related parties which are then made into meeting results in the form of meeting minutes. At the end of the year which is usually held in December of the relevant year, operational managers are invited by the BPD of Samsam Village to attend the Village Consultative Assembly.

The bottom-up planning system implemented by the Operational Manager of the Wija Sari Village-Owned Enterprise (BUMDes) in Samsam Village is believed to demonstrate good governance. This approach is an effort to involve all parties from the beginning, starting from advisors, the supervisory board, and delegates of community organizations throughout Samsam Village. So that every decision taken in the planning stage of the management of the Wija Sari Village-Owned Enterprise (BUMDes) in Samsam Village is their joint decision, encouraging full involvement and commitment to implement it. In the field of public sector organizations, of which BUMDes is a part, the bottom-up planning system is a plan that is prepared based on their own needs and the government only acts as a facilitator. In this case, the Samsam Village Government is the funder for the management of the Wija Sari Village-Owned Enterprise (BUMDes) in Samsam Village.

Transparency is very important and is one of the factors that determine the success of accountability and responsibility in the planning stage of BUMDes Wija Sari management in Samsam Village. This opinion is based on the results of observations in the field where operational managers coordinate, hold coordination meetings, work plan meetings, general work plan meetings and make meeting decisions in the form of meeting minutes and activity photos as a form of transparency in accountability and responsibility in the planning stage of BUMDes Wija Sari management in Samsam Village. The transparency of operational manager information in this case always accepts input, suggestions, proposals and ideas from participants.

The operational management also applies the characteristics of transparency in the implementation of the management of the Wija Sari Village-Owned Enterprise (BUMDes) in Samsam Village. Transparency aims to involve the community in every implementation of the work program and accept openness to input, suggestions, proposals and ideas from the community for the progress and cooperation in building the Wija Sari Village-Owned Enterprise (BUMDes) in Samsam Village, in addition to reporting financial accountability reports (monthly) in accordance with its business activities to the village head and the supervisory board. Transparency will lead to the goal of integrity.

Reporting is a form of transparency carried out by the Operational Manager of BUMDes Wija Sari, Samsam Village, especially in the accountability of the management of BUMDes Wija Sari, Samsam Village. The reporting system created is still very simple, including profit and loss reports and balance sheets which contain the business results and developments of BUMDes Wija Sari, Samsam Village. The accountability report is prepared by the Treasurer of BUMDes Wija Sari, Samsam Village. The report is reported monthly on a regular basis to the Perbekel of Samsam Village and the Supervisory Board of BUMDes Wija Sari, Samsam Village. Every 3 months the operational manager invites advisors and the supervisory board to hold an evaluation meeting to discuss the reporting of financial accountability for the management of BUMDes Wija Sari, Samsam Village.

The accountability report that is of concern is honesty and consistency so that financial transactions are correct, which can ultimately be accounted for openly/transparently to the public. Every January of the relevant year, the operational manager together with the supervisory board reports the results of their accountability report to the relevant parties. These parties are the DPMD of Tabanan Regency, the Head of Kerambitan District, the Village Facilitator of Samsam, the Chairperson of the BPD of Samsam Village and its members, the Chairperson of the LPM of Samsam Village and its members, the Village Head of Samsam, the Secretary of Samsam Village and its village head, the Chairperson of the PKK of Samsam

Village, the Chairperson of the Karang Taruna Wija Sari of Samsam Village, the Jro Bendesa Adat and the Kelian Banjar Dinas throughout Samsam Village.

Participatory: Implementation of Good Governance Principles in Wija Sari Village-Owned Enterprises, Samsam Village

One of the public sector organization management planning approaches currently being developed is participatory. Participation is a form of active and voluntary involvement and participation, both for internal and external reasons, in the entire process of the activity concerned, including decision-making in planning, implementation, control and utilization of the results of the activities achieved (Totok & Poerwoko Soebiato, 2019). The planning stage of the management of BUMDes Wija Sari, Samsam Village, by applying the characteristics of participation is a planning approach pattern that involves the participation of the community in general not only as an object but also as a subject, so that the nuances developed in the planning stage of the public sector organization are truly from the bottom (bottom-up approach).

Community participation is very important and is one of the factors that contribute to the success of the management planning of the Wija Sari Village-Owned Enterprise (BUMDes) in Samsam Village. During the Village Consultative Meeting (Musdes), the results of the Wija Sari Village-Owned Enterprise (BUMDes) work program meeting in Samsam Village were reported and some input, suggestions, proposals and ideas were provide if necessary, but still did not change the essence of the Wija Sari Village-Owned Enterprise (BUMDes) work program in Samsam Village. This opinion is based on the results of observations in the field where operational managers coordinate, hold coordination meetings, work plan meetings, general work plan meetings and make meeting decisions in the form of meeting minutes and activity photos as a form of participatory in the success of managing BUMDes. Operational managers in this case always accept input, suggestions, proposals and ideas from participants. Community participation during the general work plan meeting and Musdes which discussed the Wija Sari Village-Owned Enterprise (BUMDes) work program in Samsam Village was very high, by providing input, suggestions, proposals and ideas.

The characteristics of participation revealed by the operational manager of BUMDes Wija Sari Samsam Village in planning means a form of cooperation between the community and the operational manager. In carrying out its business activities, the operational manager serves the community by providing maximum service in accordance with the mission of BUMDes Wija Sari Samsam Village which aims to attract and increase community participation in the form of cooperation between the operational manager and the community both in the placement of funds or other services. As is the case in the field according to the results of observations, people who come to the BUMDes Wija Sari Samsam Village Office to make transactions, the operational manager always greets and smiles to create a good and comfortable atmosphere of communication and service. At the accountability stage in the principle of good governance by submitting the results of the report and inviting related parties is one of the participatory applications of the manager so that the cooperation that has been established so far is in accordance with the concept and principles of good governance. Participation by inviting these figures aims to provide evaluation, input and direction for the development of the next stage which starts again from the beginning.

5. Conclusion

The implementation of Good Governance principles at the Wija Sari Village-Owned Enterprise (BUMDes) in Samsam Village is reflected in consistent transparency practices in planning, reporting, and accountability. Operational managers openly convey information through coordination meetings, minutes, and regular financial reports that are reported to the village head, supervisory board, and other relevant parties. This transparency not only strengthens accountability but also ensures public trust and integrity in the financial management and work programs of the BUMDes. In addition, participatory principles are implemented through a bottom-up approach that involves the community from the planning stage to evaluation. The community is not merely an object, but also participates as a subject in decision-making, providing input, suggestions, and ideas. This active involvement encourages cooperation between managers and the community, creates a sense of ownership, and strengthens institutional performance. Thus, the synergy of transparency and participation is the foundation for the successful governance of the Wija Sari Village-Owned Enterprise (BUMDes) in Samsam Village that is accountable and oriented towards the public interest.

Research on the implementation of transparency and participatory principles in the Wija Sari Village-Owned Enterprise (BUMDes) in Samsam Village has several limitations. First, the study focuses on planning, reporting, and accountability without delving deeper into their impact on improving financial performance and the well-being of the village community. Second, the simplistic financial reporting system (consisting only of profit and loss statements and balance sheets) can limit a comprehensive understanding of the effectiveness of BUMDes management. Third, this study emphasizes observational and descriptive results, thus lacking a quantitative perspective or comparisons with other BUMDes as material for a more comprehensive evaluation.

Further research is recommended to expand the study by assessing the extent to which the implementation of transparency and participatory principles has a significant impact on increasing Village-Owned Enterprise (BUMDes) revenue and community welfare. It is also necessary to develop a more detailed reporting system integrated with village financial accounting standards to enhance accountability. Furthermore, research can compare governance practices across different BUMDes to gain a more comprehensive picture of the success factors and challenges of implementing good governance. Thus, the research findings can provide more applicable practical recommendations for the sustainable development of BUMDes.

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