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# Understanding on Leadership of Community Empowerment and Village of Good Governance of The Village Business

*Pemahaman tentang Kepemimpinan Pemberdayaan Masyarakat dan Pemerintahan Desa yang Baik dalam Bisnis Desa*

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## Abstract

This study aims to understanding the good governance based on perspective of Head of Community and Village Empowerment Agency (DPMD). Informants in this research are the Head of Division, Section Head, and community economic business development staff who can represent the research unit in the understanding of good governance in DPMD Jombang Regency. The study was conducted with in-depth interviews with the help of a questionnaire. Data analysis using descriptive qualitative. The results of this study indicate that the Village-Owned Enterprises (BUMDes) are professionally managed, the BUMDes management has the capacity, is able to compile a master plan, understand business, governance refers to guidelines for establishing BUMDes based on Permendes and has Standard Operating Procedures (SOP). BUMDes is managed separately from the village government and there is not much interference from the village government, without being influenced by the pressures of other parties' policies, and can carry out their duties proportionally and can be accounted for. The principles of BUMDES governance include transparency, accountability, responsibility, independence, participation, effective and efficient, and sustainable.

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## Introduction

Undang-undang Nomor 6 of 2014 concerning Villages, has given village autonomy greater freedom to be independent. In this law each village will receive funding from the government through the state and regional budgets that are large in number above the amount that has been available in the village budget. The granting of broad autonomy to the regions is expected to have a very large amount for each village to be able to develop its potential according to their individual needs in order to realize the welfare of the community. The fund is to stimulate and move the wheels of the rural economy with the establishment of village economic institutions, one of which is the Village-Owned Enterprises (BUMDes).

BUMDes is built on community initiatives and is based on the principles of cooperation, participation, transparency, emancipation, accountability, and sustainability (Nugrahaningsih, et al. 2016). Based on the real condition (existing), BUMDes found obstacles in its implementation, there are still BUMDes that have not been going well, form of community participation is less than the maximum. And many villages that failed to manage BUMDes due to lack of village preparedness and the minimal potential of the village (Agunggunanto, et al. 2016). While one of the stages in the Village Deliberation that is important in the establishment or formation of BUMDes, BPD members can work together with assistants to conduct business feasibility studies at the village level (Putra, 2015), namely: a) discovering the potential of the Village that can be developed through business management or business, b) recognizing the needs of most villagers and people outside the village, c) formulating together with the villagers to classify the type of business, d) classification of business types at the location of the village that is just starting a village economic enterprise collectively, e) BUMDes management organization including the management structure, f) BUMDes business capital, g) draft BUMDes Household Articles of Association, and h) operational topics on Village investment plans carried out by outsiders and can later be managed by BUMDes

Some researches related to BUMDes governance have been carried out by Purnamasari, et al (2016). The results of the study show that the achievement of the objectives of the effectiveness of BUMDes management is not yet effective and efficient and the effectiveness of the management of BUMDes based on the economic economy of rural communities in Warungbambu village has not been able to adjust to the implementation of BUMDes because the community lacks managerial skills in managing BUMDes and is not supported by facilities and infrastructure to carry out BUMDes activities.

BUMDes governance needs to be resolved therefore BUMDes that have been established can run in a directed and professional manner in achieving the goals of BUMDes, namely to improve the village economy, strengthen Village Original Income and increase village potential in accordance with community needs and strengthen the village economy. The purpose of this research is to understand BUMDes good governance according to the perspective of the Leaders of the Office of Community and Village Empowerment (DPMD).

## Methods

This study uses a qualitative approach that aims to provide a detailed description according to the view of the informants (informants) about the conditions, phenomena, outlining the informants' opinions as they relate to good governance of Village-Owned Enterprises (BUMDes). Research informant is someone who is directly involved, understands and can provide information about BUMDes governance. The informants of the research were the Head of the Community and Village Empowerment Office, the Head of Community Economic Business Development, and the BUMDes staff at the Community and Village Empowerment Office.

Research subjects are people who learn and are directly involved with the activities that are the focus of research. The data used in this study are primary data through interviews with informants relating to matters needed by researchers with the help of questionnaires about good BUMDes governance, professional management, and good governance principles. Techniques of checking validity data through triangulation by comparing the results of interviews with the results of the questionnaire. Data analysis uses data reduction, data presentation, conclusions and verification.

## Result and Discussion

In achieving the objectives of the establishment of BUMDes is to improve the economy, increase local revenue, improve the processing of rural potential in accordance with community needs and become the backbone of rural economic growth and equity. In order to realize the achievement of objectives in the organization, good governance is needed in the management of Village-Owned Enterprises. How should good BUMDes governance be? Based on the results of an interview with the Head of Community Economic Business Development Mr. Andri said that:

"Bumdes for economic and social activities, adjusting the potential and condition of the village. Based on Permendes No. 4 of 2015 Bumdes obeys rules, there are functional, management and management structures (DPMD Jombang District Office, August 7, 2019)."

Bumdes compliance with Permendes Number 4 2015 and there is a functional, management and management structure is an important element in Bumdes governance. In support of this, the Head of the DPMD Division Mr. Agus explained that: "BUMDes will have good governance if human resources, work programs and business units are prepared (Jombang Regency DPMD Service Office, 7 August 2019)". Based on this, it can be seen that governance is not only in terms of legal and structural foundation, but the need for the placement of appropriate and appropriate human resources in carrying out.

In addition to support from organizational elements and human resources, Bumdes governance will be achieved if the nature of the Bumdes is independent. This is in accordance with the presentation from Bumdes staff Mr. Nur who said that:

"The Bumdes must be independent and separate from the village government, there is not much interference by the village government so that the Bumdes can be accountable (Jombang Regency DPMD Office, August 14, 2019)."

In relation to independence, Bumdes can be categorized as having good governance if they can read the potential and develop the business. This is according to a statement from Bumdes staff Mr. Edy explained that:

"Good governance is governance that can read the potential in villages and develop businesses and can account for the performance of Bumdes in an accountable manner. (Jombang Regency DPMD Office, August 14, 2019). "

Looking at these aspects of governance, the Village Government should focus more on developing the village economy, especially on the existence of Bumdes, which still depends on allocation funds from the regional and central government. Research by Kholmi, et al (2018) states that the development of BUMDes requires several things, including: human resource potential, village potential, and capital. So far, most of the BUMDes capital has sourced from the initial capital investment of the village government per BUMDes of Rp 100,000,000 and was disbursed to BUMDes in 2015.

In addition, it is necessary to increase the ability of human resources in managing Bumdes. The Village Government is more focused on the development of the Village economy, the village government must be aware of the existence of Bumdes which still depends on allocation funds from the regional and central government. Related to capital, the results of Ramadana, et al (2016) stated that the business capital owned by Bumdes in Landungari is very minimal, as in the mechanism of channeling and utilization of funds, where the initial capital from Bumdes is derived from grant funds, which then used as initial capital.

## How is the Professional Management of BUMDes ?

Bumdes management with good governance cannot be separated from professionally managed management. The professional nature of a Bumdes cannot be generalized because of the different business characteristics of each Bumdes. In this study examines the perspectives of Bumdes managers in the Office of Dina DPMD in Jombang Regency regarding professional management in Bumdes governance.

Bumdes staff, Mr. Nur, has a view of professionalism at Bumdes based on the ability of its human resources in developing business strategies. This is stated in the phrase which reads:

"Increasing the capacity of Bumdes management, Bumdes director understands business, being able to compile a master plan. Treasurer of Bumdes and those in charge of the unit have capacity. (DPMD Jombang District Office, August 14, 2019).

In addition to the ability of human resources in formulating business strategies, Bumdes Staff Mr. Edy also gave an opinion that professionalism can be based on the distribution of tasks equally and fairly. This is stated in his presentation:

"Bumdes managers can carry out their duties proportionally without being influenced by other parties' policy pressures and can be accounted for. (Jombang Regency DPMD Office, August 14, 2019). "

Furthermore, the Head of Development, Mr. Andri, also explained the professionalism criteria in a Bumdes based on the following:

"... Bumdes is carried out professionally if it is selective in the ownership of managers and needs to be agreed upon, looking at the educational background, experience, figures (influence) of management following the rules of the Permendes or from the village (SK) according to the vision, mission, having market segmentation, having SOP, technical, financial and HR. (Jombang Regency DPMD Office, August 7, 2019)

Mr. Agus as the Head of DPMD also said that to improve professionalism at the Bumdes, management must be based on village potential, as follows:

"To make Bumdes managed professionally, the formation of Bumdes is adjusted to the potential of existing villages,



there is training and coordination with relevant stakeholders. (JPMD DPMD Office, August 7, 2019) ".

Based on the results of the above explanation, it can be seen that professional management in Bumdes has several aspects. First, managing human resources follows adequate capabilities and capabilities. Second, have a strategic design in business. Third, have a proportional division of labor in each individual or group in the organization. Fourth, there is an adjustment to the potential and improvement of the quality of human resources through training and coordination with relevant stakeholders. Ridlwan (2014) explains that professional governance with reference to the guidelines for establishing BUMDes based on laws and regulations is a prerequisite for the running of BUMDes well. This is reinforced by Agunggunanto, et al (2016) explaining the need for improvement from the internal side of BUMDes such as finding a professional management in managing BUMDes activities. Managers needed are people who are competent and have broad insight to motivate the community to participate in BUMDes activities.

## What are the BUMDes governance principles?

While the principles of Bumdes governance, according to Edy as Bumdes staff, Bumdes governance is based on the accountability given by Bumdes to stakeholders:

"... delivering reports that are timely and accountable and accountable for performance to the public. Furthermore, Bumdes is more open in business development and in the delivery of financial reports (JPMD DPMD Office, August 14, 2019). "

The Head of Community Economic Business Development also provided an explanation regarding the disclosure of BUMDes governance principles including participation, emancipatory, sustainable, accountable from village by village and for village. Accountable means reporting management and financial performance. This was also added by the Head of DPMD revealed that togetherness, independence, accountability, transparency, community participation in related parties are the principles of BUMDes governance. BUMDes there are financial reports and every activity there are complete documents, the accountability of the manager, director, village head, official recap and evaluation, identify progress.

## Principles of good governance Village-Owned Enterprises

The principles of good governance BUMDes in the opinion of the leadership and staff of the community economic development (BUMDes) in the Office of Community and Village Empowerment, as in table 1 below:

### BUMDes Good Governance Principles

BUMDes G ood G overnance P rinciples	1	2	4	5
1. TRANSPARENCYBasic principles: Bumdes maintain objectivity in conducting business, openness in carrying out the decision making process, and the provision of information that is easily accessible and understood by stakeholders.2. ACCOUNTABILITYBasic principle: Bumdes have clarity of functions, implementation and accountability of the organization, as well as effective management.3. RESPONSIBILITIESBasic principle: Bumdes comply with statutory regulations valid invitation and carry	2	1131	223122-4	332323

out responsibility on society and the environment.4. INDEPENDENCEBasic principle: Bumdes is managed independently and there is no domination or intervention by other parties.5. FAIRNESSBasic principle: Bumdes has fairness and equality in fulfilling the right of stakeholders.6. PARTICIPATIONBasic principle: Society has an involvement in BUMDes decision making through BPD7. RESPONSIVEBasic principle: Bumdes responds to serving the needs of stakeholders.8. EFFECTIVENESS AND EFFICIENCYBasic principle: Bumdes is able to produce according to the available resources already used.				
Total 40	2	6	16	16
% 100	5	15	40	40

**Table 1.** Informant's Answer Remarks: 1 = strongly disagree 2 = disagree 4 = Agree 5 = strongly agree

Based on the recapitulation results of the opinions of 5 informants using a Likert scale with categories of strongly disagree, disagree, agree, and strongly agree. Of the 8 (eight) BUMDes good governance principles 40% of informants agreed and strongly agreed that the BUMDes good governance principles include transparency, accountability, responsibility, independence, fairness, and participation. For the principle of effectiveness and efficiency 2.5% of informants answered disagree, and the principle of responsiveness 5% of informants answered strongly disagree.

The principles of good governance BUMDes in the opinion of leaders and staff in the village community empowerment service, there are 6 principles. On the 6 principles, this is supported by 5 general guiding principles of Indonesian Good Corporate Governance (GCG) in 2006, namely transparency, accountability, responsibility, independence and fairness, while the addition of one principle is participation. The principle of participation in the management of BUMDes is very important, in the development of BUMDes. The involvement of the village government becomes a major role in the development of BUMDes in the area concerned, where the village government is expected to make a real contribution to village development (Asti and Cholid, 2018). Furthermore, Asti and Cholid (2018) explained that village government participation in the development of BUMDes can be influenced by the mindset and views of BUMDes so that it will influence what actions or forms of participation will be given in village development.

## Conclusion

Village-Owned Enterprises is a village economic institution / body that is incorporated and is owned by the Village Government, managed independently and professionally with initial capital from the village government. BUMDes was established with the aim of improving the economy, increasing local revenue, increasing the processing potential of rural villages with community needs and becoming the backbone of rural economic growth and equity. Efforts to realize the achievement of objectives in the organization, it requires good governance in the management of Village-Owned Enterprises. BUMDes will have good governance if human resources, work programs and

business units are prepared and have BUMDes governance principles, namely transparency, accountability, responsibility, independence, fairness, and participation.

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