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Strengthening BUMDes governance to improve
community welfare.

Yogyakarta, 25 Oktober 2022

Authors: Sriyono, Adi Soeprapto, Simon Pulung Nugroho.

FEB UPN 'Veteran' Yogyakarta, Indonesia.

Dept. of Business Administration, UPN 'Veteran' Yogyakarta, Indonesia.

Dept. of Informatics Engineering, UPN 'Veteran' Yogyakarta, Indonesia.

INTRODUCTION

- ▶ The government funds villages to support independent development and BUMDes growth.
- ▶ BUMDes are village-run enterprises that address local problems and improve welfare by using village potential.
- ▶ The policy is promising, but many communities are not ready to run BUMDes effectively.
- ▶ BUMDes numbers exceeded targets, but revenue contribution is low; many stalled during the pandemic.

INTRODUCTION

- ▶ Key challenges in BUMDes development include readiness, governance, and fit with village potential.
 1. By 2019 thousands were inactive; in 2021 about 27,000 of 57,273 were suspended.
 2. Stalls stem from misaligned business fields, weak governance, unqualified managers, and risks of abuse.

LITERATURE REVIEW

► Resource Based View

- RBV: Villages need valuable, rare, inimitable, and non-substitutable resources; advantage comes from social, human, and financial capital.

LITERATURE REVIEW

► Contingency Theory

- Contingency theory: there is no single best design; effectiveness depends on context.
- Controls must fit internal/external conditions and stakeholder interactions; context shapes management decisions.

LITERATURE REVIEW

► Community Development

- Empowerment builds independence through advocacy, organizing, networks, capacity building, and education.
- Empowerment varies by local needs; people act and join decisions based on context.

LITERATURE REVIEW

► Stakeholder Theory

- Stakeholders are those who affect or are affected by the organization.
- Stakeholders include internal, connected, and external groups.
- Treating stakeholders well prompts supportive behaviors like sharing information, buying more, and loyalty.

LITERATURE REVIEW

► Accounting Systems and Procedures

- Accounting control systems safeguard assets, ensure policy compliance, and improve data reliability and efficiency.
- Controls use structure, methods, and measures to produce reliable reports, reduce fraud, and meet goals.

RESEARCH METHODS

- ▶ Method: descriptive analysis of collected data without broad generalization.
- ▶ Content analysis codes and categorizes data to identify themes and summarize information.
- ▶ Validity is supported by member checking and source triangulation.

FINDINGS AND DISCUSSION

► Key findings for BUMDes 'SDM':

1. In 2021, managers and UPN created an HR master plan to guide activities.
2. Strategic planning helps BUMDes be proactive; clear vision, mission, goals are required.
3. Many residents lack working capital to grow their businesses.

FINDINGS AND DISCUSSION

- ▶ Key findings for BUMDes 'SDM':
 4. Loan sharks spread; BUMDes responded with intensive strategies.
 5. They launched a Financial Services unit offering savings and loans to serve the community.
 6. Good governance and strong stakeholder relations are needed to improve performance and competitiveness.
 7. Required infrastructure: accounting systems, SOPs, and an integrated information system.

CONCLUSION AND IMPLICATION

- ▶ BUMDes 'SDM' lacks accounting systems, SOPs, and an integrated information system to support GCG.
- ▶ They should build accounting and information systems tailored to the organization to ensure transparency and accountability.
- ▶ Validity is supported by member checking and source triangulation.



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THANK YOU

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