



Analysis of Good Corporate Governance Implementation in BUMDes Management and Its Contribution to Village SDGs (A Study of BUMDes Surya Sejahtera, Kedungturi Village, Taman District, Sidoarjo Regency)

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Abstract: This study aims to analyze the implementation of good corporate governance in the management of BUMDes and its contribution to the SDGs of the village at DUMDes Surya Sejahtera Kedungturi, Taman District, Sidoarjo Regency. This study uses a qualitative method with primary data obtained from the Secretary and Treasurer of BUMDes Surya Sejahtera. Data collection techniques include interviews, observation, and documentation. The results of the study show that BUMDes Surya Sejahtera has implemented GCG well, although improvements are needed in transparency, digital literacy, and community participation. GCG contributes positively to BUMDes performance, community economy, and achievement of Village SDGs.

Keywords: BUMDes, BUMDes Performance, GCG, SDGs

Introduction

The development of rural areas is an integral component of national development, aimed at achieving community welfare, equitable distribution of development outcomes, and economic independence based on local potential. The primary focus of rural development—as mandated by Law No. 6 of 2014 and revised by Law No. 3 of 2024—is the realization of village self-reliance through the optimal governance of economic, social, and environmental resources (Setyowati, 2025). To support this objective, the Government strengthens the role of Village-Owned Enterprises (BUMDes) as collective economic institutions designed to increase Village Original Income (PADes). This regulatory framework is reinforced by Government Regulation No. 11 of 2021, which requires BUMDes to implement Good Corporate Governance (GCG) principles. Furthermore, the use of Village Funds is prioritized for BUMDes development and productive social enterprises under Ministerial Regulation of the Ministry of Villages PD TT No. 7 of 2023, with governance obligations aligned with digitalization requirements under Regulation

No. 2 of 2024. At the regional level, Sidoarjo Regency has established a comprehensive legal framework, including Regional Regulation No. 15 of 2019 on the establishment and management of BUMDes, Regional Regulation No. 1 of 2022 on regional capital participation, and Regent Regulation No. 77 of 2019 regulating budget allocation for BUMDes strengthening within the village budgeting process.

Despite strong regulatory support, BUMDes implementation in practice remains suboptimal, marked by a persistent gap between policy and operational reality. Weak application of transparency, accountability, and independence has been widely reported. Winarsi & Moechtar (2020) reveal that many BUMDes operate without adequate governance systems, leading to poor implementation of GCG principles. Asnatang et al. (2025) emphasize that these shortcomings stem from normative regulations lacking detailed technical guidelines and the absence of digital evaluation systems, resulting in poor financial reporting and limited accountability.

Strengthening the governance of Village-Owned Enterprises requires more than regulations—it must also be supported by improvements in human resources, information systems, and organizational culture. This regulatory–implementation gap is clearly reflected in BUMDesa Surya Sejahtera, Kedungturi Village, Sidoarjo. Although this BUMDes manages several business units (microfinance, village kiosks, waste management, and local partnerships), transparency and community participation remain weak. Transparency is limited to village meetings, with financial reporting not yet fully digitalized, while community participation is constrained by the absence of formal mechanisms and low financial literacy. Internal oversight is also weak due to the absence of independent and periodic audit systems.

Regulation alone does not guarantee BUMDes effectiveness, which subsequently affects efficiency and public trust. Rachmawati (2024) highlights that human resources, leadership, and organizational structure are key determinants of successful GCG implementation. Thus, BUMDes effectiveness depends on governance supported by institutional capacity, government supervision, and community literacy. GCG implementation is also relevant to achieving the Village Sustainable Development Goals (SDGs Desa), where good governance promotes inclusive and sustainable rural economic development (Rois et al., 2025).

The establishment of BUMDes in Kedungturi Village reflects the local government's commitment to mobilizing local potential and resources to improve the village economy and welfare. Effective BUMDes governance grounded in GCG principles is essential, as BUMDes serve as drivers of employment, economic transformation, and community welfare. Strong governance enhances BUMDes performance, while weak governance undermines operational effectiveness (Yuliana & Alinsari, 2022).

Empirical studies confirm that good governance improves BUMDes performance. Yuliana & Alinsari (2022) report that transparency and accountability strengthen public trust and the performance of BUMDes Estu Mukti. Tasia & Martiningsih (2023) show that participatory governance enhances Village SDGs indicators in BUMDes Bahtera Mandiri. Kaban et al. (2025) emphasize the role of digital innovations, such as the BUMDes Accounting Application System (SAAB), in strengthening accountability and citizen participation. Conversely, several studies also reveal weaknesses: Latif et al. (2025) find that BUMDes Je'netallasa struggles with transparency and participation, while Amca et al. (2025) report poor financial reporting and weak internal oversight in BUMDes Bontorannu due to limited human resources and weak digital literacy.

Although BUMDes are structurally supported by a strong legal and budgetary framework, a significant functional gap persists between policy idealism and field implementation. This condition highlights the need for village governance that is more responsive, inclusive, and aligned with sustainable development objectives (Village SDGs). The case of BUMDesa Surya Sejahtera in Kedungturi Village, Sidoarjo—established in 2015 and operating in microfinance and retail services—illustrates performance weaknesses driven by limited transparency and public oversight. Insufficient information dissemination reduces public trust, as access to budget information is limited and difficult for residents to understand, thereby weakening monitoring processes (Sabrina Nova Ashara & Muhammad Taufiq Hidayat, 2023). These findings align with broader evidence of low public satisfaction with the performance of public organizations and local governments in Indonesia (Azizah & Hidayat, 2023). Therefore, this study, involving the Chairperson, Secretary, and Treasurer of BUMDes Surya Sejahtera as informants, aims to assess the extent to which governance aspects—transparency, participation, and responsiveness—affect BUMDes performance and contribute to the achievement of Village SDGs.

Research Method

Research Design

This study employs a qualitative research method using primary data obtained from the Secretary and Treasurer of BUMDes Surya Sejahtera. The qualitative approach enables the researcher to explore governance practices in their natural context and understand the experiences and perspectives of key informants.

Population, Sample, Sampling

The population in this study consists of individuals involved in the management and governance of BUMDes Surya Sejahtera. The sample was selected purposively based on relevance to the research objectives. The primary informants include the Secretary and Treasurer of the BUMDes, as they are directly responsible for administrative and financial processes. The selection of informants was based on their involvement in daily operational activities and access to essential governance and financial information. No exclusion criteria were applied, as all targeted informants met the research requirements.

Intervention Procedure

Primary data were collected through interviews, observations, and documentation. Interviews were conducted directly with village officials and BUMDes personnel to obtain detailed information. Observations were carried out at the village office and BUMDes Surya Sejahtera to capture events and field practices relevant to governance implementation. Documentation studies involved reviewing administrative and financial records to strengthen data validity.

Instrument

The instruments used in this study include semi-structured interview guides, observation sheets, and documentation checklists. These instruments were designed to gather data on governance practices, financial reporting, and organizational processes. Instrument trustworthiness was ensured through triangulation of sources and procedures. Data accuracy was validated by comparing statements from informants with documentary evidence and basic research concepts.

Data Analysis

Data were analyzed through three structured stages. First, data reduction, which involved summarizing and selecting key information relevant to the research questions. Second, data presentation, where information was organized and simplified into meaningful patterns. Third, conclusion drawing and verification, carried out by comparing informants' statements with existing theoretical concepts to ensure consistency and validity.

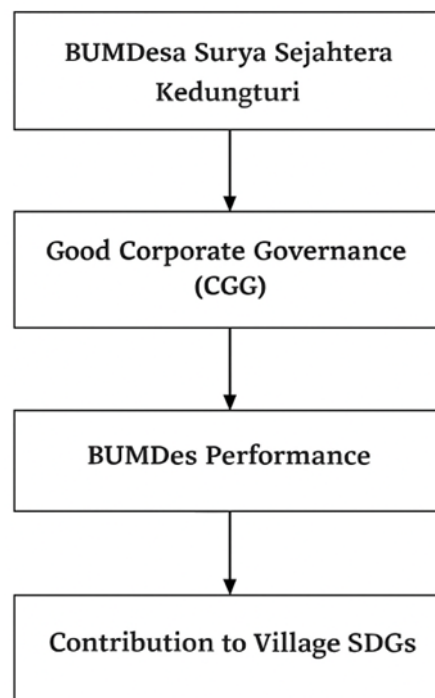


Figure 1. Conceptual Framework

Results and Discussion

1. Analysis of the Implementation of Good Corporate Governance (GCG) in the Management of BUMDes Surya Sejahtera

The analysis of BUMDes is based on the principles of Good Corporate Governance (GCG), which include transparency, accountability, responsibility, independence, and fairness. These principles serve as the foundation for assessing the performance health of BUMDes Surya Sejahtera.

a. Transparency

Transparency in BUMDes Surya Sejahtera is mainly demonstrated through the presentation of financial and business reports during the Annual Member Meeting (RAT), which includes detailed information about income, expenses, assets, and business unit progress.

“Setiap tahun kami melaporkan hasil usaha dan laporan keuangan kepada masyarakat melalui RAT. Semua transaksi dicatat, dan masyarakat boleh bertanya langsung.”

“Every year we present our financial reports and business results to the community through the annual meeting. All transactions are recorded, and the public can ask questions directly.”

Although transparency is maintained through accountability reports submitted to the Village Government and BPD, access to financial data is still limited because BUMDes

does not yet use digital publication systems such as websites or online dashboards. This finding is in line with Winarsi & Moechtar (2020), who highlight that most BUMDes have not fully applied the transparency aspect of GCG due to limited digital literacy. Furthermore, Rachmawati (2024) emphasizes that digital-based reporting mechanisms are essential to build public trust and ensure monitoring efficiency.

b. Accountability

Accountability is reflected through regular financial audits and evaluations at the end of each fiscal year. The Secretary and Treasurer verify all transactions and submit reports to the Village Government and Village Consultative Body (BPD).

“Kami selalu melakukan evaluasi dan audit sederhana setiap akhir tahun agar laporan sesuai dengan aturan dan tidak ada penyimpangan.”

“We conduct internal evaluations and simple audits every year to ensure that reports comply with regulations and no irregularities occur.”

This practice aligns with Mardiasmo (2018), who explains that accountability in public sector organizations involves both administrative and moral responsibility to stakeholders. Similarly, Asnatang et al. (2025) note that effective accountability requires consistent supervision and transparent financial control systems, which BUMDes Surya Sejahtera is progressively developing.

c. Responsibility

BUMDes Surya Sejahtera fulfills its responsibility not only by adhering to the Articles of Association and Bylaws (AD/ART) but also by actively contributing to social and economic programs in the village.

“Kami menyisihkan sekitar 30% dari hasil usaha untuk membantu kegiatan desa seperti lomba, kebersihan, dan pembangunan kecil.”

“We allocate around 30% of profits to support village activities such as competitions, community clean-ups, and small infrastructure projects.”

This demonstrates that BUMDes Surya Sejahtera implements corporate social responsibility (CSR) at the village level. Rois et al. (2025) and Sedarmayanti et al. (2023) confirm that social and environmental responsibility strengthens the legitimacy of BUMDes and aligns their operations with the principles of sustainability embedded in Village SDGs.

d. Independence

Independence in BUMDes Surya Sejahtera remains limited because strategic decisions must still be approved by supervisors and commissioners (the Village Head and BPD). This reduces flexibility and managerial autonomy.

“Kami tidak bisa langsung mengambil keputusan besar tanpa izin kepala desa dan BPD, meskipun hal itu penting untuk perkembangan usaha.”

“We cannot make major decisions without approval from the Village Head and BPD, even when it's crucial for business development.”

This finding reflects Komite Nasional Kebijakan Governance (KNKG, 2022), which states that independence must balance control and managerial flexibility to avoid bureaucratic delays. Similarly, Yuliana & Alinsari (2022) found that over-dependence on village authorities can hinder BUMDes innovation and competitiveness.

e. Fairness

The fairness principle in BUMDes Surya Sejahtera is reflected in equal access for all villagers to participate in programs such as microcredit, retail, and partnerships.

“Kami tidak membedakan siapa pun, semua warga bisa ikut program pinjaman atau jual beli di toko desa asalkan memenuhi syarat.”

“We do not discriminate against anyone; all residents can participate in the credit or retail programs as long as they meet the requirements.”

This is consistent with Rachmawati (2024) and Latif et al. (2025), who highlight that fairness in BUMDes governance fosters community trust and inclusiveness. It also supports the implementation of SDG 10 (Reduced Inequalities) by ensuring equal access to economic resources.

2. Analysis of BUMDes Surya Sejahtera Kedungturi's Contribution to Village SDGs

BUMDes Surya Sejahtera integrates social, economic, and environmental goals through four business units: Savings and Loans, Waste Management (TPST 3R), Basic Needs Store “Toko Kita,” and Partnership Unit. These units play synergistic roles in achieving various SDG targets.

“Lewat unit simpan pinjam dan toko desa, kami bantu warga agar punya modal dan kebutuhan pokok dengan harga stabil.”

“Through the savings and loan unit and the village store, we help residents access business capital and stable basic needs prices.”

This finding aligns with Yuliana & Alinsari (2022), who confirm that GCG-based BUMDes models strengthen SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth). Similarly, Tasia & Martiningsih (2023) show that participatory governance enhances community welfare and accelerates local SDG achievement.

Discussion

1. Implementation of Good Corporate Governance in BUMDes Management

The study confirms that BUMDes Surya Sejahtera applies GCG principles effectively but still faces challenges in digital transparency and managerial independence. The findings reinforce the view of Winarsi & Moechtar (2020) that the main barrier in BUMDes governance lies in limited capacity and absence of standardized information systems.

From a theoretical standpoint, the implementation of transparency and accountability in BUMDes Surya Sejahtera demonstrates consistency with Mardiasmo (2018), who defines accountability as the alignment between public trust and organizational integrity. By reporting financial results through annual meetings and public discussions, BUMDes ensures democratic control over economic management.

Meanwhile, the responsibility and fairness dimensions align with Sedarmayanti et al. (2023) and Rois et al. (2025), emphasizing that BUMDes acts not merely as an economic institution but also as a socio-environmental agent supporting inclusive development. The fairness principle in equal access to services reflects the implementation of good village governance that promotes social justice and cohesion.

However, independence remains an unresolved issue. Excessive dependency on supervisory authorities indicates a structural imbalance. KNKG (2022) stresses that while supervision is important to ensure accountability, overcentralization can hinder responsiveness. Strengthening managerial autonomy, therefore, is essential for fostering innovation, as suggested by Yuliana & Alinsari (2022).

2. BUMDes Contribution to Village SDGs

The study finds that BUMDes Surya Sejahtera significantly contributes to multiple SDGs dimensions:

- Economic empowerment (SDG 1 & 8): Through accessible microfinance and partnership programs, BUMDes fosters self-reliance and inclusive growth (Rois et al., 2025).
- Environmental management (SDG 6): The TPST 3R unit supports environmental sustainability consistent with United Nations (2025) recommendations.

- Social equality (SDG 5 & 10): By providing credit and training for women entrepreneurs, BUMDes enhances gender inclusivity, as also noted by Tasia & Martiningsih (2023).
- Institutional partnerships (SDG 17): Collaboration with private and public stakeholders expands the village's economic network and operational resilience.

These contributions demonstrate that GCG implementation not only improves financial accountability but also serves as a foundation for achieving sustainable development. This supports Rachmawati (2024) who asserts that governance and sustainability are interdependent dimensions in local economic resilience.

Conclusion

This study demonstrates that the implementation of Good Corporate Governance (GCG) principles in BUMDes Surya Sejahtera has been relatively effective, although further strengthening is needed in public transparency, digital literacy among management, and community participation in the evaluation process. The principles of transparency, accountability, responsibility, independence, and fairness are reflected in the reporting mechanisms, division of duties, and business operations conducted in accordance with the Articles of Association and Bylaws (AD/ART). The performance of BUMDes has shown positive development through its four business units, which contribute to improving the community's economy, expanding MSME access to capital, and enhancing social and environmental services. The application of GCG has also had a significant impact on achieving the Village Sustainable Development Goals (SDGs), particularly in poverty alleviation, economic growth, gender equality, reduction of inequality, environmental management, and multi-stakeholder partnerships. Future research is recommended to extend the observation period and involve more informants from various community groups to obtain a more comprehensive understanding of the implementation of good corporate governance and the contribution of BUMDes to Village SDGs.

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