



# Accountability for Management of Village-Owned Enterprises (BUMDes): Determination Analysis

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**Abstract.** Financial management accountability represents a duty towards stakeholders, demonstrated through the presentation of reports spanning planning, execution, oversight, and review processes. This practice is pivotal for enhancing performance and fostering public confidence. Despite this, some BUMDes (Village-Owned Enterprises) in Magelang regency fall short in fully demonstrating management accountability. This study seeks to evaluate the impact of comprehending Permendesa Regulation No. 4 of 2015, utilizing BUMDes information, and employing management systems on BUMDes accountability. The research sample comprised 65 BUMDes managers in Magelang Regency. Data analysis involved validity and reliability tests, as well as multiple linear regression using the SPSS software. Findings suggest that understanding Permendesa Regulation No. 4 of 2015 and utilizing information systems positively influence BUMDes management accountability in Magelang Regency. This research contributes to public sector accounting knowledge, particularly concerning BUMDes management accountability, offering insights to enhance BUMDes sustainability and thereby improve the welfare and economic conditions of village communities.

**Keywords:** Permendesa No. 4 Tahun 2015, Utilization of Information Systems, BUMDes Management and Accountability of BUMDes Management

## 1 Introduction

According to Regulation No. 4 of 2015 from the Ministry of Villages, Disadvantaged Regions, and Transmigration, a BUMDes or BUMDesa is a commercial entity where the village holds a significant portion, if not all, of the capital. This capital is derived directly from village assets, which are allocated separately to oversee assets, services, and various enterprises, all aimed at enhancing the welfare of the village populace. Village-Owned Enterprises (BUMDes) are locomotives for local economic development that are based on village needs, potential and capacity to improve the welfare of the village community.

Indonesia is currently experiencing very rapid growth of BUMDes in the regions. Based on data sources, there are 52,191 BUMDes and 5,475 Joint BUMDes and the total national BUMDes is 57,666 BUMDes [1]. This very significant growth is based

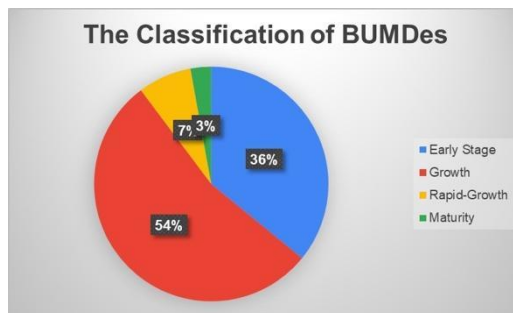
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on the village's understanding of improving community welfare by improving its economic conditions, based on a self-evaluation carried out [30]. Because one of the goals of establishing BUMDes itself is to provide employment opportunities, reduce poverty levels, encourage the empowerment of village communities. Apart from that, the aim of establishing BUMDes is to improve the welfare of the community. In running their business effectively and efficiently, BUMDes must adhere firmly to accountability.

Central Java consist of 29 regencies and 6 cities, is also experiencing an increase in BUMDes growth, until 2022 the data will be 7,329 BUMDes spread throughout Central Java [2]. Currently, the growth of BUMDes in Magelang Regency is increasing every year, but of course this growth also experiences its own obstacles and problems. The fundamental problem for BUMDes is the management is not optimal. This is because BUMDes has not yet optimized the Village's potential for wider development, such as utilizing mineral resources in the Village [3]. Other problems include the use of human resources in managing potential for development. Apart from that, the understanding of Permendes No.4 of 2015 is not yet understood so that in carrying out its activities and making decisions on policy directions related to BUMDes management it cannot be maximized. This is because management has not been able to improve its management due to a lack of understanding regarding village regulation no. 4 of 2015. However, the use of information systems is very helpful in managing BUMDes in order to realize accountable governance. The classification of BUMDes in Magelang Regency can be seen in **Fig.1**.



**Fig. 1.** Classification of BUMDes

Based on Fig. 1, known that the BUMDes category is growing in the largest percentage, so good and accountable management is needed. One of the BUMDes in Magelang Regency that has implemented good and advanced BUMDes management accountability is in Borobudur District. This is because each of the BUMDes in Borobudur District already has a Balkondes (Village Economic Hall), with the existence of a Balkondes, the management in realizing management accountability will be better because they have to be accountable to the third party who provides the Balkondes facilities, the village government and the community.

However, there are still several BUMDes in Magelang Regency whose management accountability has not been maximized, such as the submission of financial reports, performance realization and long-term programs that have not been implemented to the

village government and community [4], [5], [6]. This shows that the management of BUMDes is still just standing and running what has been formed [7].

The Minister of Villages, Development of Disadvantaged Areas, and Transmigration issued Regulation number 4 of 2015 to govern the formation, governance, operation, and dissolution of Village-Owned Enterprises (BUMDes). This regulation aims to facilitate the consolidation of economic activities and/or public services managed by villages or through collaborations within or between villages. Village regulation no. 5 of 2015 had an effect on the accountability of BUMDes management [8]. These results are consistent with research by Kariyana where regional regulation no. 21 of 2013 has an influence on the management of BUMDes [9]. Apart from Nugraha shows that regional regulation No. 3 of 2013 also has an influence on the management of BUMDes [10]. The same thing was also found that Standard Operational Procedures (SOP) had an influence on BUMDes management [11].

Utilization of information systems is very important in an organization, especially in BUMDes, by utilizing existing information systems it will make it easier for managers to carry out planning, control and decision making. Apart from that, utilizing an information system will make it easier for outside parties, both the local village government and the wider community, to carry out supervision. The use of information systems has been widely researched, where information systems influence the management of BUMDes [12][8]. This is consistent with research conducted by [13], which found that the use of information technology had an effect on village fund management. Apart from that, research by [14], [15] also shows that the use of information systems has an effect on regional financial reporting, and the use of information systems has an effect on public services [16].

Management really determines the direction and steps that will be taken in an organization, just as with BUMDes, management really determines the right strategy and formulation so that the managed BUMDes is able to grow and develop, of course for the welfare of the community, this is also determined by the leadership in the BUMDes management. Management also influences the management of BUMDes [17] and strategic management influences the management of BUMDes [18]. Another research conducted by Senjani shows that the role of the management system influences the management of village original income [19]. BUMDes management strategies had an effect on increasing village income [20].

The difference of adding BUMDes management variables in accordance with research by Subaidi [8], because it is needed to improve internal BUMDes management [21]. By making internal improvements in terms of management, BUMDes management will become more accountable. Apart from that, having BUMDes management will make it easier to achieve the goals of BUMDes, balancing goals that sometimes conflict with each other.

This research uses stewardship theory, namely that stewards, in this case the BUMDes managers, are expected to work better in managing BUMDes for the benefit of the principal, in this case the wider community and the local village government. So that managers are able to carry out their duties appropriately, and in accordance with their functions. In this way, the public will have more trust and confidence in the tasks carried out by BUMDes managers. So that hopes for community welfare will also be increasingly guaranteed.

The aim of this research is to examine the factors that influence the accountability of BUMDes management in Magelang Regency. This was done because of the increasing growth of BUMDes in Magelang district but not many have entered the advanced category.

## 2 Research Methods

The population in this research are BUMDes managers in Magelang Regency, numbering 351. The sampling technique uses a purposive sampling method with the criteria namely BUMDes that has been established for more than 2 years and BUMDes managers who have worked for at least 1 year. The sample obtained in this research amounted to 65 respondents. Research variables were measured using a 1-5 Likert scale. Variable definitions can be seen in Table 1.

**Table 1.** Research Variables and Variable Measurement

<b>Variable</b>	<b>Definition</b>	<b>Measurement</b>
Accountability of BUMDes Management.	Accountability is that the fiduciary has an obligation to be accountable for presenting reports and using all activities and activities [22].	Using a questionnaire instrument adopted from [23] research, which consists of 17 statements with indicators, namely: <ol style="list-style-type: none"> <li>1. Planning accountability</li> <li>2. Program accountability</li> <li>3. Budgeting accountability.</li> </ol>
Permendesa Tahun 2015	Regulation of the Minister of Villages, Development of Disadvantaged Areas and Transmigration number 4 of 2015 is a regulation issued to regulate the establishment, administration and management, and dissolution of Village-Owned Enterprises.	Using a questionnaire instrument adopted from [8], which consists of 7 statements with indicators, namely: Managers understand Permendesa No. 4 tahun 2015 as a nation-building instrument in terms of the economy.
Utilization of Information Systems	Utilization of an information system is a system in an organization that meets daily transaction processing needs, supports operations, and information system [24].	Using a questionnaire developed by [8], the questionnaire consists of 7 statements, with indicators namely: Utilization of information systems, application of information systems and use of software.

Variable	Definition	Measurement
BUMDES Management	BUMDes management is a process consisting of actions, planning, organizing as well as movement and supervision which are used to determine predetermined targets by utilizing human resources and other sources [25].	Using a questionnaire instrument developed from research by [26] of 10 statements with indicators, namely: Managers understand the planning to control process.

The data analysis method in the research begins by testing the quality of the instrument in the form of a validity test and a reliability test. Validity testing uses confirmatory factor analysis with the condition that it is said to be valid if the crossloading value is  $>0.5$  and the reliability test uses Cronbach's alpha with the condition that it shows a value  $>0.7$ . Meanwhile, to see the effect, use multiple linear regression.

### 3 Results and Discussion

#### 3.1 Result

The results of validity testing show that the crossloading value of most of the variable statements is greater than 0.5, but there are statements that are invalid, namely Understanding Village Regulations (PP7), and Utilization of Information Systems (PSI1), so they are not used in the next test. Reliability testing provides that the results of all research variables are said to be reliable because Cronbach's Alpha value is  $> 0.7$ . The results of the multiple linear regression analysis can be seen in Table 2.

**Table 2.** Multiple Linear Regression Test Results

Model	<i>Understandardize d Coefficients</i>		<i>Standardize d Coefficients</i>	t	Sig.
	B	<i>Std. Error</i>	Beta		
Constant	0,951	0,437		2,176	0,033
Understanding Permendesa	0,171	0,075	0,215	2,268	0,027
Utilization of Information Systems	0,179	0,059	0,290	3,062	0,003
BUMDes Management	0,426	0,079	-0,505	5,363	0,000

### 3.2 Discussion

**Influence of Understanding Permendesa No. 4 of 2015 Regarding the Accountability of BUMDes Management.** Based on the test results, it shows that understanding Permendesa No. 4 Tahun 2015 has a positive effect on the accountability of BUMDes management. This can be interpreted as a better understanding of Village Regulation No. 4 of 2015, which can increase the accountability of BUMDes management. Good understanding of Permendesa No. 4 Tahun 2015 by management can have an impact on increasing understanding in running BUMDes in accordance with their roles and functions as well as increasing the meaning of establishing BUMDes and how to manage them. This can make BUMDes more accountable in reporting every activity carried out while holding all business units accountable to the wider community. This research is in line with Stewardship theory which explains that in managing BUMDes, BUMDes administrators or managers need to understand village regulations so that BUMDes can grow and develop well. This can happen if BUMDes managers run their business units based on a good understanding of Permendesa No. 4 Tahun 2015 so that it can realize its accountability towards the village government and the community. The results of this research are in accordance with research conducted by [8], [27], [28], which stated that Permendesa No. 4 Tahun 2015, district regulation no. 21 of 2003 has a positive effect on the accountability of BUMDes management. However, the results of this research are not in accordance that the Tasikmalaya Regency regional regulation no. 3 of 2001 has no effect on the accountability of BUMDes management [10].

**The Influence of Information System Utilization on BUMDes Management Accountability.** Based on the test results, it shows that the use of information systems has a positive effect on the accountability of BUMDes management. This can be interpreted that the better the implementation of the information system can increase the accountability of BUMDes management. This shows that BUMDes in its management has implemented an information system that is in accordance with financial reporting accounting standards. BUMDes can now present financial reports well using a computerized system. Apart from that, a better understanding of computerization, the software used and internet network access which is used as a link between work units in sending the required accounting information are factors that influence the use of information systems on the accountability of BUMDes management. This is in accordance with the Stewardship Theory, where cooperation between the party given authority or in this case the administrator to the party who gave the authority or the village government and the community will run well, especially in terms of accountability in conveying information. Because the manager prioritizes providing the best for the wider community when providing information related to the management of Village-Owned Enterprises. The research results are consistent with research by [8], [12], [13] which states that the use of information systems has a positive effect on the accountability of BUMDes management. However, this research is not consistent with research by [14] which states that the use of information systems has no effect on the accountability of BUMDes management.

**The Influence of BUMDes Management on BUMDes Management Accountability.** Based on the test results, it shows that BUMDES management has a positive effect on the accountability of BUMDes management. This can be interpreted as meaning that the better the management in managing BUMDes, both in terms of strategy and planning, the better it will be in conveying information regarding BUMDes management to the wider community. Apart from that, accountability for the management of village resources can also be conveyed to stakeholders, both the village government and the community. In this way, BUMDes management will become more accountable [26]. This is in accordance with Stewardship Theory, where management as managers or administrators of BUMDes has a large role in managing BUMDes, managers have responsibilities to parties who have resource wealth, namely the village government and the wider community. In this way, proper management and management will also foster prosperity for society from an economic perspective. The results of this research are consistent with research conducted by [18], [29], and [21] which states that BUMDes management has a positive effect on accountability of BUMDes management. However, these results are not consistent with research conducted by [19] stated that BUMDes management has no influence on the accountability of BUMDes management.

## 4 Conclusion

This research shows that understanding village regulation no. 4 of 2015, the use of BUMDes information and management systems has a positive effect on the accountability of BUMDes management in the Magelang Regency area. It is hoped that this research can develop knowledge related to public sector accounting, especially regarding the accountability of BUMDes management. This can be used as a step to increase the sustainability of BUMDes businesses, so that it can improve the welfare and economy of village communities. It is hoped that further research can expand the scope of research variables so that it is hoped that it will be able to improve the explanation of factors that influence BUMDES management accountability, such as management control systems [8].

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