

Good Governance Optimization in The Agricultural Supply Business of Bumdes Latsari

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Abstract: This study analyzes the application of Good Governance principles in the management of the Lestari Makmur Village-Owned Enterprise (BUMDes) Agricultural Drug Store business unit in Latsari Village, with a scope that includes human resource capacity, financial administration, technology utilization, and governance effectiveness. The purpose of the study was to assess the extent to which the principles of transparency, accountability, participation, professionalism, effectiveness, and efficiency are applied in business operations. The method used was descriptive qualitative through interviews with five key informants (Village Head, BUMDes Head, BUMDes Supervisor, Shop Person in Charge, and Farmer Service Users), observation, and documentation. The results of the study indicate that BUMDes management has fulfilled most of the Good Governance principles, demonstrated by manager competence, strong work ethics, implementation of SOPs, information transparency, routine reporting, multi-layered supervision, and community participation in all stages of management. Business effectiveness and efficiency were also achieved through resource optimization and operational innovation, although administrative digitization, stock completeness, and capital strengthening still need to be improved. Overall, BUMDes Lestari Makmur has implemented healthy, transparent, and responsible governance, but improvements in technology and funding aspects are needed to support business sustainability.

Keywords: Good Governance, Village-Owned Enterprise (BUMDes), Transparency, Accountability, Effectiveness and Efficiency

Introduction

Village Owned Enterprises (BUMDes) are a crucial instrument in strengthening the village economy, as stipulated in Law Number 6 of 2014 concerning Villages (Republic of Indonesia, 2014), with the aim of optimizing local potential, creating jobs, and improving community welfare through independent and sustainable business management. However, many BUMDes in Indonesia face serious challenges due to weak governance, such as a lack of transparency, accountability, and operational efficiency, resulting in 70% of BUMDes not developing optimally (Ministry of Villages, Disadvantaged Regions, and Transmigration of the Republic of Indonesia, 2022).

In Latsari Village, the Lestari Makmur Village-Owned Enterprise (BUMDes) manages the Agricultural Drug Store business unit as a key pillar supporting local farmers by providing quality medicines, despite still facing challenges such as limited human resources, suboptimal financial administration, and dependence on limited capital (Prabowo & Sari, 2021). The principles of Good Governance—transparency, accountability, participation, professionalism,

effectiveness, and efficiency—are expected to be the primary solution to address these issues and ensure business sustainability (World Bank, 2017). This research arises from this urgency by analyzing the application of Good Governance principles in the management of this business unit, thereby providing practical insights for village managers and policymakers (Susanto, 2023).

This study was formulated to answer the extent to which the principles of Good Governance are applied in the management of the Lestari Makmur BUMDes Agricultural Drug Store business unit, including strengths and weaknesses in aspects of human resource capacity, financial administration, technology utilization, and governance effectiveness, as well as recommendations for improvements for business sustainability. The main objective is to assess the application of the principles of transparency, accountability, participation, professionalism, effectiveness, and efficiency in business operations, with a focus on analyzing these elements and developing specific recommendations such as administrative digitization, strengthening inventory, and increasing capital (Farrell & Goodman, 2020).

Theoretically, this research enriches the village economic literature through an empirical study of Good Governance at the BUMDes level (Hidayat & Widodo, 2022), while practically providing guidance for BUMDes Lestari Makmur managers as well as village and district governments in improving supervision and operations of similar businesses (Ministry of Finance of the Republic of Indonesia, 2023).

Method

This study uses a descriptive qualitative design to describe the application of Good Governance principles in the management of the Lestari Makmur Village-Owned Enterprise (BUMDes) Agricultural Drug Store in Latsari Village in depth and holistically within a natural context (Moleong, 2018; Sugiyono, 2019). The research subjects included several informants as follows:

Tabel 1. Research Informants

Informant 1	Village Head
Informant 2	Village-Owned Enterprise Head
Informant 3	Supervisor
Informant 4	Shop Manager
Informant 5	Farmer Using the Service

The focus of this research consists of This research focuses on the five main principles of Good Governance in the management of the BUMDes Lestari Makmur Agricultural Drug Store accountability (leader's responsibility to the public through clear reporting), transparency (open and easily accessible decision making processes), fairness (justice without discrimination for all), responsibility (legal compliance and professional ethics), and independence (decisions free from personal influence). These five principles are the main indicators for measuring the quality of BUMDes governance.

Data collection included pre-research stages (coordination and identification of informants), primary collection (interviews, observations, repeated documentation), and validation through source triangulation and member checking (Sugiyono, 2019). Data analysis

used the interactive model of Miles and Huberman (2014) through data reduction (selection and coding), data presentation (narrative and thematic matrix), and continuous conclusion drawing until data saturation.

Results And Discussion

1. Profesionalism

The professionalism of the BUMDes agricultural drug store management demonstrates a strong commitment through the selection of managers via village deliberations that consider experience, expertise, integrity, and commitment, with placement according to role and periodic performance evaluation for optimization, training in bookkeeping administration, stock management, services facilitated by the supplier service, encouraging technology for accurate reports, field supervision, maintaining competence through advanced training, work ethics enforced discipline, honesty, code of ethics, warnings of violations produce friendly, responsive service, build farmer trust, and an efficient work system via SOP, daily stock management, routine evaluations even though manual administration needs digitalization with the community feeling the speed of service even though stock sometimes runs out.

Interviews confirmed this commitment, with the Village Head emphasizing proper selection and integrity, the BUMDes Head optimizing evaluation tasks, the Supervisor supervising training, the Store Manager experiencing continuous learning, and the Community assessing appropriate recommendation competencies. These findings are supported by Feriani Budiyah et al. (2024) who stated that managerial competency improves the performance of BUMDes in East Java; Asep Saepullah (2024) who stated that HR training for village business efficiency; Cindy Tari Pratiwi et al. (2018) and Yusep Friya Purwa Setya (2023) who stated that coaching reduces administrative errors; and Gabinda Zahra et al. (2021) and Nayla Fadhlika Rizqi (2024) who stated that SOP ethics strengthen village professionalism, even though the BUMDes context is more local than corporate.

2. Transparency

Easy access to business information via the village hall notice board, village deliberation, WhatsApp group, direct communication with open managers to answer questions, financial reports on routine monthly, quarterly, and annual activities in the village forum, clear data verification can be asked to maintain public trust, interactive public communication, routine meetings, fast announcements, although hoping for more digital platforms, with the community valuing good and honest openness, high satisfaction, suggestions, detailed financial information, increasing positive perceptions. Confirmation interview, Village Head mentions the meeting board, Head of BUMDes, open deliberation, Supervisor, routine access reports, Shop Manager answers data, Community considers easily satisfied. Findings are in line with Feriani Budiyah et al. (2024) periodic reports prevent BUMDes corruption; Asep Saepullah (2024) digital communication, village information efficiency; Cindy Tari Pratiwi et al. (2018) & Yusep Friya Purwa Setya (2023) transparent access reduces distrust; and Gabinda Zahra et al. (2021) & Nayla Fadhlika Rizqi (2024) participatory forums increase the perception of good governance, even though the village scale is simpler.

3. Accountability

Accountability mechanism via periodic reports of transactions-stock-profit-funds to the village government-community deliberation complete records can be checked-correct discrepancies, regular evaluation of stakeholder meetings-monthly-annual reports-simple internal audits identify obstacles-quick operational improvements, layered supervision of external village heads-internal supervisors of administration-stock-community informal input, regulatory compliance with village/BUMDes regulations guidelines-official recording-licensed goods-correction of violations of legal accountability without detrimental problems. Interviews strengthen, Village Heads receive-convey, BUMDes Heads record orderly, Supervisors correct-check, Person in Charge of Monthly-complete Stores, Community provides input-trust. This supports Feriani Budiyah et al. (2024) internal audits increase BUMDes accountability; Asep Saepullah (2024) layered supervision of village fund efficiency; Cindy Tari Pratiwi et al. (2018) & Yusep Friya Purwa Setya (2023) evaluation reduces deviations; and Gabinda Zahra et al. (2021) & Nayla Fadhlika Rizqi (2024) Regulatory compliance protects public assets, even in different commercial sectors.

4. Participation

Strong community involvement in village deliberation planning, residents farmers propose stock needs, prices, annual basic programs, contributions to the implementation of active users providers of market information needs word of mouth socialization loyalty shopping sustainability of BUMDes, opportunities for open input, direct village meetings, managers/supervisors-criticism reporting mechanisms, fast follow-up service evaluation, stock evaluation-procurement adjustments-service improvements, the community feels an effective response to strengthen business legitimacy. Confirmation interviews, all informants said deliberations-farmer discussions-direct suggestions for fast follow-up. The findings are in line with Feriani Budiyah et al. (2024) participation in planning increases the relevance of BUMDes; Asep Saepullah (2024) community input sustainability of village businesses; Cindy Tari Pratiwi et al. (2018) & Yusep Friya Purwa Setya (2023) participation responses reduce conflict; and Gabinda Zahra et al. (2021) & Nayla Fadhlika Rizqi (2024) legitimacy via citizen inclusion, similar to the context of local governance.

5. Effectiveness & Efficiency

Optimal utilization of human resource placement resources according to ability careful fund management focused on farmers-operational hours adjusted-supervision to avoid waste, annual business results grow to meet fertilizer drug fast even though not yet optimal capital limitations human resources turnover target additional strategies, innovation to add products-planned delivery-neat stock recording-simple technology-distributor cooperation to improve completeness-marketing, daily/monthly report performance evaluation improvement meetings-internal audits-stock checks to maintain sustainability responsive to problems. Interviews revealed, all informants emphasize optimization innovation routine evaluation despite scale limits. Supported by Feriani Budiyah et al. (2024) innovation increases BUMDes turnover; Asep Saepullah (2024) evaluation of village resource efficiency; Cindy Tari Pratiwi et al. (2018) & Yusep Friya Purwa Setya (2023) monitoring to achieve targets; and Gabinda Zahra et al. (2021) & Nayla Fadhlika Rizqi (2024) simple technology strengthens effectiveness, despite similar capital challenges.

Conclusion

This study proves that the implementation of Good Governance principles in the management of the BUMDes Lestari Makmur Agricultural Drug Store business unit in Latsari Village has been running quite well and fulfills most of the main indicators, indicated by the competence of managers through experience-integrity-based deliberation selection, administration-stock-service facilitation training for service-suppliers, disciplined work ethics-responsive code of ethics to build farmer trust, transparency via bulletin boards-deliberations-WhatsApp groups-clear periodic reports-verification, accountability through periodic reports-internal audits-layered supervision-regulatory compliance without deviations, strong participation of residents farmers in planning-implementation-input-fast follow-up strengthens legitimacy, as well as the effectiveness efficiency of optimizing HR-funds-product innovation-messaging between simple technologies-routine evaluations resulting in annual growth despite capital-stock-digitalization limits.

The five principles of Good Governance demonstrate the comprehensive implementation of professionalism with SOPs for performance evaluation, transparency of interactive access to high satisfaction, accountability for supervisory reporting, responsive deliberation participation (all informants), and the effectiveness and efficiency of monitoring innovation. These findings are in line with Feriani Budiyah et al. (2024) who proved that training competency improves the performance of BUMDes in East Java, Asep Saepullah (2024) who demonstrated that village business efficiency participation monitoring, Cindy Tari Pratiwi et al. (2018) & Yusep Priya Purwa Setya (2023) who evaluated reports to reduce errors, and Gabinda Zahra et al. (2021) & Nayla Fadhlila Rizqi (2024) who demonstrated that ethical transparency strengthens local governance, with unique contributions to the context of village-scale agricultural drug stores.

Theoretically, this research enriches the literature on BUMDes Good Governance with empirical evidence of the application of UNDP World Bank principles (2017) at the micro level of Indonesian villages, supporting Village Law No. 6/2014 concerning the optimization of local potential. Practically, BUMDes Lestari Makmur managers are advised to accelerate administrative digitization via a simple application, strengthen stock through regular distributor collaboration, increase capital via village/district fund proposals, and provide ongoing technology training to increase turnover and sustainability. Further research can compare the effectiveness of multi-BUMDes Good Governance with a mixed methods quantitative qualitative pre-post intervention approach.

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