

## Financial Management and Accounting System of BUMDesa in an Orderly Manner

**Evi Dwi Kartikasari**

University Malaysia Kelantan, Malaysia

Email: [evican91@gmail.com](mailto:evican91@gmail.com)

### Abstract

BUMDesa is an economic unit sector that is envisioned by the Ministry of Villages of Indonesia in the context of accelerating the economy starting from the lowest level, namely the village level. The presence of BUMDesa will support economic problems directly if the handling of BUMDesa is managed by competent people. One of the factors in the performance of BUMDesa is the financial management owned by BUMDesa managers. Understanding financial literacy, financial reporting procedures and how to manage finances needs to be owned by BUMDesa managers must be an important commitment. The number of registered BUMDesa units is increasing, but in reality, in the field, it has not been accompanied by the number of economic contributions and even the existing BUMDesa are only limited to the list of BUMDesa names. BUMDesa operations have not been running as they should, so it is necessary to conduct more in-depth research related to the BUMDesa financial management system and accountability or accounting orders carried out by BUMDesa. The purpose of this research is to dig deeper into the financial management of BUMDesa that has been implemented in general to then be able to offer solutions to improve management for the achievement of the goals of establishing BUMDesa. This research is planned to be carried out on several BUMDesa in the Modo sub-district area of Indonesia with a qualitative descriptive method using primary data in the form of interviews and secondary data in the form of checking BUMDesa financial documents. The basic theory in this study is stakeholder theory Where there will be accountability for participation funds from villages for BUMDesa. This research is important because there have not been many previous researchers who have reviewed research on BUMDesa and then implemented the results of their research in the form of community service research to improve financial governance and support the Village SDGs.

**Keywords:** BUMDesa, Finance, Accountability

### INTRODUCTION

Village-Owned Enterprises (BUMDesa) are economic units established by Indonesia's Ministry of Villages with the aim of accelerating economic development at the village level (Mukhlis, 2021). BUMDesa plays a crucial role in addressing local economic issues and is expected to contribute significantly to rural development (Murtanti, 2020). However, its effectiveness largely depends on the competency of its management. Competent leadership and good governance are key for BUMDesa to function optimally and fulfill its intended purpose of boosting local economies.

One of the critical factors influencing the performance of BUMDesa is the quality of financial management by its managers (Rohim, 2022). Effective financial management encompasses a broad understanding of financial literacy, accounting procedures, and financial operations. This ensures that BUMDesa managers are not only capable of handling financial transactions but also

maintaining transparency and accountability in their operations. Financial literacy plays a vital role in guiding BUMDesa managers in making informed decisions that affect the financial health and sustainability of the enterprise.

The understanding of financial reporting procedures is also fundamental for BUMDesa managers. Accurate and transparent financial reporting enables stakeholders, including village communities and local governments, to evaluate the financial performance of the enterprise. This transparency in financial reporting not only fosters trust among stakeholders but also ensures that BUMDesa activities are aligned with broader economic and social development goals.

Good financial management practices involve proper financial planning, budgeting, and control. Managers are expected to use financial resources efficiently to achieve the economic objectives set out by the village and the Ministry of Villages. When these practices are effectively implemented, they contribute to the growth and sustainability of the enterprise, ultimately benefiting the local economy and the community it serves.

Despite an increase in the number of registered BUMDesa units, their economic contributions have not fully met expectations. Many of these enterprises are only formally registered without substantial operational activities, thus failing to make significant economic impacts. This discrepancy between the number of established BUMDesa and their actual economic output highlights challenges in governance, financial management, and resource utilization within the enterprises.

Given the current situation, more in-depth research is needed to understand the financial management system of BUMDesa, its accountability measures, and areas for improvement. Such research is crucial for developing strategies that enhance the financial governance of BUMDesa, ensuring their operations are effective and contribute meaningfully to the economic development of villages. The findings of this research could provide practical solutions for improving financial management and accountability, helping BUMDesa to fulfill their potential in advancing rural economies.

## **METHODS**

This study employs a descriptive qualitative approach to explore in depth the financial management practices implemented by Village-Owned Enterprises (BUMDesa) in general (Wijaya, 2018). The research is planned to take place in several BUMDes located in the Modo Sub-District, Indonesia. The data collection process will be conducted through two main sources: primary data, which consists of interviews with BUMDes managers, and secondary data, which involves examining BUMDes financial documents. This multi-source data collection aims to provide a comprehensive understanding of the financial management system within these enterprises.

The study is grounded in stakeholder theory, emphasizing the importance of accountability for the funds provided by villages to BUMDesa. According to this theoretical framework, the financial operations of BUMDesa are not just a matter of internal management but are also shaped by the needs and expectations of various stakeholders, including the village communities, local governments, and other relevant entities. This theory helps in analyzing how effectively BUMDesa manages financial resources and meets its accountability obligations, contributing to the overall economic development and welfare of the local communities.

## RESULTS

This section will present the research findings, focusing primarily on how financial management has been implemented within Village-Owned Enterprises (BUMDesa). It will also explore the challenges encountered in the processes of accountability and financial reporting. The analysis will delve into the extent to which BUMDesa managers understand financial literacy and governance, as well as how these elements are practically applied in their day-to-day financial operations. The goal is to provide a detailed overview of the current financial practices adopted by BUMDesa, shedding light on both the strengths and shortcomings in their financial management.

A further aspect of this analysis involves identifying gaps between theoretical frameworks and practical applications in the field. By comparing the financial management practices observed in BUMDesa with established theoretical principles, the study aims to uncover any inconsistencies or challenges that may hinder optimal financial governance. This comparison will be crucial in determining how closely the financial management of BUMDesa aligns with the principles of transparency, accountability, and effective resource allocation as intended by their foundational policies.

The study will also evaluate the effectiveness of BUMDesa's financial management in achieving the initial objectives for which they were established. This includes assessing how well these enterprises have managed to contribute to local economic development and whether their financial practices align with the broader goals of enhancing village welfare. The findings will provide insights into the operational effectiveness of BUMDesa and propose recommendations for improving financial governance to ensure that these village-owned enterprises can meet their economic and social objectives more effectively.

## DISCUSSION

The discussion will focus on the implications of the research findings related to the financial management and accountability of Village-Owned Enterprises (BUMDesa). The analysis aims to provide a comprehensive evaluation of the factors that either inhibit or support effective financial governance within BUMDesa. By examining these elements, the discussion will shed light on the challenges faced by BUMDesa in maintaining financial accountability and highlight best practices that can be adopted to enhance their financial management.

Key factors influencing financial governance will be explored, including managerial competencies, transparency in financial reporting, adherence to financial regulations, and the capacity for financial planning and control. This analysis will help to identify internal and external barriers that impact BUMDesa's ability to achieve financial sustainability. Additionally, the role of stakeholder involvement, such as local governments and communities, will be considered in evaluating how their participation influences the financial performance and accountability of BUMDesa.

Practical solutions to improve financial governance and accountability will be proposed based on the research findings. These solutions may include enhancing the financial literacy of BUMDesa managers, developing standardized accounting procedures, and implementing transparent reporting systems. Strengthening the financial management capabilities of BUMDesa is crucial for ensuring that these enterprises can effectively utilize resources and contribute to local economic development.

Furthermore, the discussion will explore how improved financial management aligns with the broader objectives of sustainable development at the village level, known as the Village Sustainable

Development Goals (SDGs Desa). The SDGs Desa emphasize the importance of economic growth, social inclusion, and environmental sustainability in rural areas. By improving financial governance and accountability, BUMDesa can play a pivotal role in achieving these goals, fostering economic development, and promoting the welfare of the village communities.

The recommendations offered will be both strategic and practical, aimed at addressing the identified challenges while also capitalizing on the strengths of BUMDesa. The proposed improvements will not only aim to enhance current financial management practices but also ensure long-term sustainability and accountability. The discussion will emphasize the importance of continuous improvement in financial governance and the need for regular monitoring and evaluation to achieve optimal results.

In conclusion, the discussion will integrate the research findings with actionable recommendations that can help BUMDesa align their financial practices with their foundational objectives. This alignment will support BUMDesa in achieving their potential as drivers of local economic development and as entities that uphold financial transparency and accountability in their operations. The ultimate goal is to contribute meaningfully to sustainable development at the village level by enhancing the financial governance of BUMDesa.

## CONCLUSION

The conclusion will summarize the key findings of this study, highlighting the main insights derived from the research on the financial management and accountability of Village-Owned Enterprises (BUMDesa). It will outline how these findings contribute to a deeper understanding of the challenges and opportunities faced by BUMDesa in their financial operations. The conclusion will also address the practical implications of these findings, providing clear and actionable recommendations that can enhance the financial governance and accountability of BUMDesa.

Furthermore, the conclusion will propose relevant policy implications for both BUMDesa managers and policymakers at the village level. These policy recommendations will aim to support effective financial management practices, enhance transparency and accountability, and promote sustainable development within village communities. By addressing these key areas, the conclusion aims to provide a foundation for policy reforms and capacity-building initiatives that will strengthen BUMDesa and enable them to better fulfill their roles in advancing local economic development and improving village welfare.

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