



DEVELOPMENT OF VILLAGE OWNED BUSINESS ENTITY GOVERNANCE MODEL

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Abstract: Village Owned Enterprises (Bumdes) must be able to support the village's economy while also assisting in the resolution of social issues in the Bumdes environment. However, not all Bumdes are capable of maintaining the village economy and overcoming social issues in its implementation. As a result, there was a management mistake that led Bumdes to stop working properly. The goal of this research was to determine the impact of governance on Bumde's performance. A questionnaire was sent to Bumde's management in West Bandung Regency, with a sample size of 117 Bumdes. Initial surveys, the creation of concepts and equipment, data gathering, and data analysis are all part of the research phase. Smart PLS version 3.0 software was used to analyze the data. Transparency, accountability, participation, emancipation, and sustainability were found to have a substantial impact on performance, but cooperative had no effect.

Keywords: Governance, Performance, Village Owned Enterprises

INTRODUCTION

Local Owned Enterprises (Bumdes) created by village interest groups have the authority to form a commercial unit under the control of the village council. BUMDes is anticipated to boost the village's income and aid in the resolution of social issues. There was a program called One Village One Product and Tourism in West Java's provincial government, and there have been 3,695 Bumdes thus far. However, according to Dedi Sopandi, the chairman of the West Java Provincial Village Community Empowerment Office, who has a 20% vote, he is not running or does not exist (jabar.tribum.com). Based on the statistics, it appears that some BUMDes in West Java do not match the expectations of stakeholders such as Bumdes' founders. As a result, the goal of enhancing the village economy and resolving social issues will be impossible to achieve.

According to this information, there was a management mistake in BUMDes that led it to not function properly. As a result, the management of BUMDes requires good governance. BUMDes

management can utilize good governance as a model or direction. Pakaya et al., who examined Bumdes Kamanga Village, Tampaso Subdistrict, published the results of earlier research on Bumdes governance. The findings of his investigation revealed that BUMDes management was not transparent in its business management. (Pakaya & Rorong, 2019) Then Rindi conducted another study, which revealed that Bumdes had implemented the principle of accountability or accountability to all elements of operational activities, both internally and externally, in implementation of operational activities (Rindi et al., 2019) It appeared to be fine based on the study's findings. BUMDes Management's implementation of BUMDes management was not dispersed equitably. As a result, the author is interested in learning more about BUMDes governance research. . This quantitative approach method differs from the outcomes of an earlier study. The goal of this research is to see how governance implementation affects BUMDes performance and to come up with a good BUMDes governance model.

LITERATURE REVIEW

Village-owned companies

Village Owned Enterprises are commercial units formed by villages (Arifin et al., 2020). Village considerations for the establishment of BUMDes should include the village government's and population's initiatives, the village's economic potential, natural resources, human resources capable of managing BUMDes, and capital from the village government in the form of village wealth and wealth to be managed as part of the village business. (the Republic of (Republik Indonesia, 2015) Village-owned enterprises are created by village stakeholders to help the village's economy. BUMDes is the product of a new method to boost the economy in each community based on the needs and potential of that village (Sofyani et al., 2019).

The BUMDes settlement agreement was approved following the municipality's economic and socio-cultural conditions, the Bumdes management organization, the Bumdes business capital, and the Bumdes statutes, as well as the household budget, through village meetings. The creation of the Bumdes Formation in Indonesia began in 2015, with the enactment of the Village Law No. 6 of 2014 and the Minister of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia Ordinance No. 4 of 2015.

Bumdes is a village-owned enterprise that manages assets, services, and other businesses for the village's optimum well-being by direct involvement derived from the village's riches (the Republic of Indonesia, 2015).

The goal of Bumdes is to improve services to the community so that their businesses can grow by establishing villages as autonomous territories linked to productive endeavors to reduce poverty, unemployment, and increase the original Income village's economy. (Pratiwi / Novianty, 2020). BUMDes' specific objectives are (a) to improve the village economy, (b) to optimize village assets for the benefit of the village, (c) to improve community efforts in the management of the village's economic potential, (d) to develop cooperation plans between villages or third parties, (e) to create opportunities and market networks that support citizens' needs, (f) to open jobs, and (g) to improve the well-being of the village (the Republic of (Republik Indonesia, 2015).

The organizational characteristics of BUMDes are distinct from those of other business units. BUMDes has features as a social enterprise, which is one of the operational variations between bumdes and other business units.

Theory of social enterprises

Understanding social enterprises is a commercial initiative that has a conscious impact on society's well-being (Ball, 2016). Other social enterprises, on the other hand, rely on it to produce social and financial value in their execution by requiring business models to meet their objectives at the same time (Tykkyläinen & Ritala, 2021) (Saebi et al., 2019). The development of earlier theories, which are employed in Non-profit organizations and Non-profit organizations, led to the development of the Theory of Social Enterprise. Social enterprises are hybrid organizations that try to fulfill both financial and social goals at the same time (Alon et al., 2020). BUMDes are organizations with a different objective than the social function. They are also focused on creating a profit. . With two objectives to meet, Bumdes must be able to strike a balance between the two. As a result, a social enterprise organization focuses on generating Economic and Social Returns (Widiastuti et al., 2019)

The difference between the form of social organization companies and commercial enterprises is in the dimension of governance or governance in the field of participation because the organization in the form of social enterprises emphasizes the form of stakeholder participation to achieve its objectives. (Widiastuti et al., 2019). By operationalizing social business models, social businesses can be used to address social and economic issues. A social business model is a company concept that combines efficiency, creativity, value, passion, and the objective of achieving both financial and non-financial advantages (Ebrahim et al., 2014). A non-profit organization that creates revenue/profit, a nonprofit organization with a balanced focus between a social mission and a for-profit mission, and a profit organization that stresses the role of social responsibility are all examples of social enterprises (Bielefeld, 2009).

Mswaka and Aluko (2015) conducted a governance study on social companies in the United Kingdom and discovered a link between the design and outcomes of governance structures (Mswaka & Aluko, 2017).

BUMDes Governance

Corporate governance is a structure and method for administering and monitoring a corporation to efficiently achieve the company's goals. Another definition of governance is a set of organizational processes that are then employed as guidelines in the execution of organizational activities (Sofyani et al., 2019). The legal system, culture, situation, and company sector all impact how such governance is defined (Widiastuti et al., 2019) BUMDes Governance is a form of governance for socialist organizations that is based on the characteristics of bumdes, namely the attempt to increase profits while also increasing social missions/hybrid. The importance of market revenues, views regarding the development and distribution of corporate profits, and the pool of accessible resources all influence The scope of social missions vary from addressing local issues to addressing global issues (Tykkyläinen & Ritala, 2021). When an organization adopts social enterprises, it is typical to face a choice between focusing on earnings or addressing social issues 2019 (Davies & Doherty, 2019). Problem-solving solutions Through simultaneous and sequential design processes driven by internal motives and external demand use business model innovation to generate, moderate and exploit possibilities. (Gebauer et al., 2017)(Olofsson et al., 2018).

All stakeholders are involved in the governance of social enterprises, which stresses participatory governance (Hassan & Daud, 2019). Participatory governance is implemented in the

form of community engagement in the establishment, development, and monitoring of BUMDes when it is used in BUMDes.

Managers must comprehend the concepts of an organization's governance standards when managing BUMDes. The BUMDes management principles include the following: (a) cooperative, (b) participatory, (c) emancipation, (d) transparent, (f) accountable, and (g) *sustainable* (Widiastuti et al., 2019) Stakeholders are active in policy development and implementation through participation. Emancipation means that all parties interested in BUMDes, regardless of class, nationality, or religion, should be treated equally. It is transparent in the sense that it is open to stakeholders in its lobby. All BUMDes efforts must be held accountable on a technical and administrative level. Business activities must be established and preserved by the community in BUMDes containers to be sustainable. The adoption of good governance principles and following the rules can assist an organization to enhance its performance and achieve its goals. (Siew Yee et al., 2018)

Relationship of transparency to BUMDe's performance

Pakaya investigated Bumdes Kamanga Tampaso Village Tampaso Subdistrict Tampaso and came up with the following findings. Bumdes management was not transparent in conducting its business, according to his findings, resulting in poor performance by BUMDes. (Pakaya & Rorong, 2019) Nurjanah and Mukhzarudfa researched the Bumdes Merangin Regency and discovered that transplanted had an impact on Bumdes' performance (Nurjanah & Mukhzarudfa, 2020). Based on the findings, it can be inferred that transparency has an impact on BUMDe performance. When eating, a hypothesis can be proposed based on this explanation:

H1: Bumdes' performance is significantly influenced by transparency.

Accountability Relationship to Bumde's Performance

Bumde's responsibility is the subject of a study by Rindi, who investigated Bumdes Teja Kusuma in the Tejakula village district of Buleleng Regency. According to the findings of his research, BUMDes Teja Kusuma has applied the principle of accountability to all areas of activities that occur in the implementation of operational activities both internally and externally, resulting in BUMDes' good performance (Rindi et al., 2019) This study is backed up by the findings of Nurjanah and Mukhzarudfa, who found that responsibility has an impact on Bumdes' performance (Nurjanah & Mukhzarudfa, 2020) It may be deduced from the study's findings that accountability has an impact on BUMDes' performance. As a result, the following hypothesis can be developed:

H2: Bumdes' performance is significantly influenced by accountability.

Cooperative Relationship to Bumde's performance

According to the findings of a study done by Nurjanah and Mukhzarudfa, who investigated Bumde's Merangin Regency, cooperatives have a positive impact on performance (Nurjanah & Mukhzarudfa, 2020) Based on the findings, it can be inferred that cooperatives in Bumdes governance can have an impact on Bumdes performance. The following hypotheses can be made based on the study's findings:

H3: BUMDes' performance is significantly influenced by cooperatives.

Participation Relationship to Bumde's Performance

Trivena et al. researched Bumdes Kiawa Village One North and Kiawa Village Two Districts of North Kawangkoan District of Minahasa Regency, finding that aspects of community participation are still lacking and that BUMDes managers in Kiawa Satu Utara contribute minimally, resulting in poor performance by BUMDes. (Trivena Y.P. Karinda, 2020). This is reinforced by the findings of Nurjanah and Mukhzarudfa's study, which found that participation had an impact on Bumdes' performance (Nurjanah & Mukhzarudfa, 2020)The following hypotheses can be made based on the study's findings:

H4: The BUMDes' performance is significantly influenced by participation.

Emancipation relationship with BUMDes Performance

According to Widiastuti's research, the BUMDes' poor performance was due to a lack of liberation (Widiastuti et al., 2019)The following hypotheses can be made based on the study's findings:

H5: Emancipation has a huge impact on BUMDe's performance.

Sustainable relationship with BUMDe's performance

Widiastuti conducted similar study on the BUMDes Amarta (Sleman), Srimartani (Bantul), and BUMDes Dlingo Giritama (Bantul). The findings revealed that Bumdes compliance remains low, resulting in poor BUMDes performance(Widiastuti et al., 2019) According to the findings, Bumdes compliance remains low, resulting in poor BUMDes performance.

H6: The BUMDes performance is significantly influenced by participation.

RESEARCH METHODS

Quantitative research is the name for this type of study. The number of population in the West Bandung Regency ranges between 165 bumdes to 165 bumdes. A total of 117 Bumdes were utilized in the study. Non-probability samples with a focused sampling method were utilized, which is a sampling technique with particular considerations, namely Bumdes, which is still in use today. The data used in this study are primary data, which through the use of questionnaires the respondents are bumdes manager. This research was conducted in Bandung Barat Regency in 2021. This study is divided into three stages: concept formulation, instrument development, data collecting, and data analysis. SEM PLS version 3.0 was used to analyze the data.

FINDING AND DISCUSSION

Table 1 shows the outcomes of respondents' replies regarding the implementation of BUMDes governance components.

Table 1
Questioner results

Variable	Average Score	Range	Range
Transparency	2,67	2,60 – 3,39	Pretty Good
Acountability	2,78	2,60 – 3,39	Pretty Good
Cooperative	3,99	3,40 – 4,19	Good
Participation	3,48	3,40 – 4,19	Good
Emancipation	3,40	3,40 – 4,19	Good
Sustainable	3,10	2,60 – 3,39	Pretty Good

Source: Research data (2021)

According to Table 1, the Prett Good category includes the implementation of transparency, accountability, and sustainability, while the Good category includes the application of cooperative variables, participation, and emancipation.

Partial Results of Least Squares Structural Analysis (SEM PLS)

As shown in Figure 1, the impact of transparency, accountability, cooperation, participation, emancipation, and sustainability on BUMDes performance is modeled.

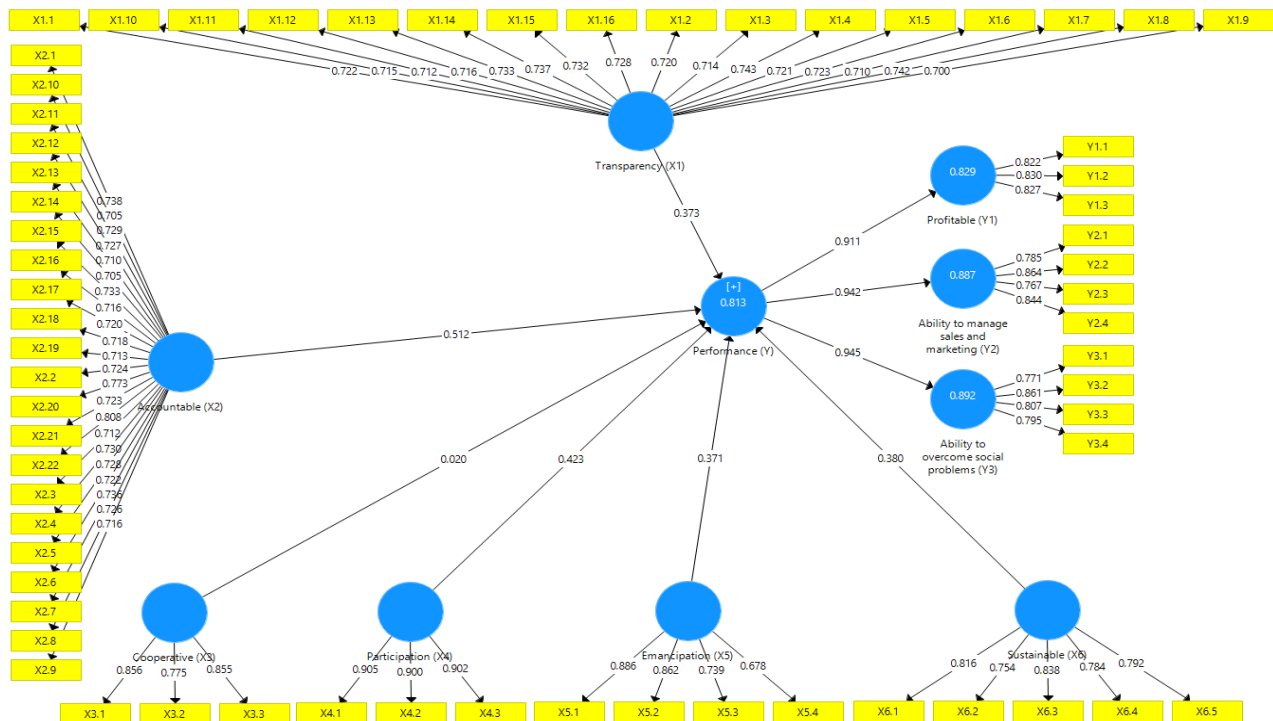


Figure 1 Structural Model (Path Coefficient, Beta)

The SmartPLS 3.0 computer application is used to execute the aforesaid model estimating process. The following structural models of the influence of transparency, accountable, cooperative, participation, emancipation, and sustainable on BUMDes performance are based on the study's findings:

$$\eta = 0,373 \xi_1 + 0,512 \xi_2 + 0,020\xi_3 + 0,423 \xi_4 + 0,371 \xi_5 + 0,380\xi_6 + 0,187$$

The influence of transparency on the performance of BUMDes is determined by the performance of the path coefficient of 0.373, The accountable influence on the performance of BUMDes the value of the path coefficient by 0.512, The cooperative influence on the performance of the huge bumdes of the path by 0.020, according to the model. The coefficient of participation has a 0.423 influence on BUMDes performance, Around 0.371 is the path coefficient for the

emancipative influence on bumdes performance and the coefficient path for the effect of the sustainable to bumdes performance of 0.380.

Testing the Outer Model

Converged Validation

If the load factor is more than 0.70, an indication should have good validity in latent reflection. For models that are still in development, the load factor of 0.50 to 0.60 can be maintained. Based on estimates made with the SmartPLS 3.0 software apps. As a result, the following output is received.

Table 2
Converged validity load factor

<i>Construction</i>	<i>Load factor</i>	R Critical	Criterion (<i>Load factor</i> \geq 0.5)
X1.1	0.722	0.5	Valid
X1.10	0.715	0.5	Valid
X1.11	0.712	0.5	Valid
X1.12	0.716	0.5	Valid
X1.13	0.733	0.5	Valid
X1.14	0.737	0.5	Valid
X1.15	0.732	0.5	Valid
X1.16	0.728	0.5	Valid
X1.2	0.720	0.5	Valid
X1.3	0.714	0.5	Valid
X1.4	0.743	0.5	Valid
X1.5	0.721	0.5	Valid
X1.6	0.723	0.5	Valid
X1.7	0.710	0.5	Valid
X1.8	0.742	0.5	Valid
X1.9	0.700	0.5	Valid
X2.1	0.738	0.5	Valid
X2.10	0.705	0.5	Valid
X2.11	0.729	0.5	Valid
X2.12	0.727	0.5	Valid
X2.13	0.710	0.5	Valid
X2.14	0.705	0.5	Valid
X2.15	0.733	0.5	Valid
X2.16	0.716	0.5	Valid
X2.17	0.720	0.5	Valid
X2.18	0.718	0.5	Valid
X2.19	0.713	0.5	Valid

<i>Construction</i>	<i>Load factor</i>	R Critical	Criterion (<i>Load factor</i> \geq 0.5)
X2.2	0.724	0.5	Valid
X2.20	0.773	0.5	Valid
X2.21	0.723	0.5	Valid
X2.22	0.808	0.5	Valid
X2.3	0.712	0.5	Valid
X2.4	0.730	0.5	Valid
X2.5	0.728	0.5	Valid
X2.6	0.722	0.5	Valid
X2.7	0.736	0.5	Valid
X2.8	0.726	0.5	Valid
X2.9	0.716	0.5	Valid
X3.1	0.856	0.5	Valid
X3.2	0.775	0.5	Valid
X3.3	0.855	0.5	Valid
X4.1	0.905	0.5	Valid
X4.2	0.900	0.5	Valid
X4.3	0.902	0.5	Valid
X5.1	0.886	0.5	Valid
X5.2	0.862	0.5	Valid
X5.3	0.739	0.5	Valid
X5.4	0.678	0.5	Valid
X6.1	0.816	0.5	Valid
X6.2	0.754	0.5	Valid
X6.3	0.838	0.5	Valid
X6.4	0.784	0.5	Valid
X6.5	0.792	0.5	Valid
Y1.1	0.822	0.5	Valid
Y1.2	0.830	0.5	Valid
Y1.3	0.827	0.5	Valid
Y2.1	0.785	0.5	Valid
Y2.2	0.864	0.5	Valid
Y2.3	0.767	0.5	Valid
Y2.4	0.844	0.5	Valid
Y3.1	0.771	0.5	Valid
Y3.2	0.861	0.5	Valid
Y3.3	0.807	0.5	Valid
Y3.4	0.795	0.5	Valid

<i>Construction</i>	<i>Load factor</i>	R Critical	Criterion (Load factor ≥ 0.5)
Y1	0.911	0.5	Valid
Y2	0.942	0.5	Valid
Y3	0.945	0.5	Valid

The load factor value for each construct of each variable certified valid is displayed based on the data in Table 2.

Average Variance Extracted (AVE) Test

Table 3 shows the Average Variance Extracted (AVE) test.

Table 3
The average value of extracted variance

Latent	<i>Average Variance EXtracted (AVE)</i>	R critical	Criterion (AVE ≥ 0.5)
X1	0.523	0.5	Valid
X2	0.530	1.5	Valid
X3	0.688	2.5	Valid
X4	0.814	3.5	Valid
X5	0.633	4.5	Valid
X6	0.636	5.5	Valid
Y	0.581	6.5	Valid
Y1	0.683	7.5	Valid
Y2	0.666	8.5	Valid
Y3	0.654	9.5	Valid

According to Table 3, all latent variables have an AVE value better than 0.5, indicating that all contracts are genuine. These results indicate that the indicators that make up the latent construct have convergent validity, which is excellent when looking at the extracted value of average variance.

Reliability test

Cronbach's Alpha and Composite Reliability more than 0.70 indicates that a construct is dependable (Ghozali, 2014). The reliability tests with the Smart PLS 3.0 program yielded the following results, as given in Table 2 below:

Table 4.
Reliability of Cronbach's Alpha and Composite

Latent	<i>Cronbach's Alpha</i>	<i>Composite reliability</i>
X1	0.939	0.946
X2	0.958	0.961

X3	0.783	0.868
X4	0.887	0.929
X5	0.827	0.872
X6	0.857	0.897
Y	0.927	0.938
Y1	0.768	0.866
Y2	0.832	0.888
Y3	0.824	0.883

Source: Data Processing 2021

According to Table 4, all latent constructs have Cronbach's alpha and compound reliability values more than 0.7, indicating that latent constructs are reliable. This suggests that all latent conceptions are trustworthy.

Structural Model Testing(*Inner Model*)

R Square results

Table 5 is the result of the following R-square test.

Table 5.
R Square results

Endogenous	R-Square	Strong relationships
<i>Performance (Y)</i>	0.813	Strong

Source: Data processing (2021)

The R-square for the performance variable (Y) in Table 5 is 0.813, which suggests that transparency (X1), accountability (X2), cooperation (X3), participation (X4), emancipation (X5), and sustainability (X6) influenced 0.813 or 81.3 percent on performance (Y) in the strong category. The remaining 18.7% is due to the influence of additional factors that are not visible.

F-square results

The F-square test yielded the following results in Table 6:

Table 6
F-square results

Variable	Effect size	Rating
<i>Performance (Y)</i>		
<i>Transparency(X₁)</i>	0.695	Big
<i>Responsible (X₂)</i>	1.173	Big
<i>Cooperative (X₃)</i>	0.002	Small
<i>Participation (X₄)</i>	0.877	Big
<i>Emancipation (X₅)</i>	0.563	Big
<i>Sustainable (X₆)</i>	0.741	Big

Source: Data processing (2021)

The influence of latent variable predictors at the structural level is seen in table 6. Transparency (X1), Responsible (X 2), Participation (X4), Emancipation (X5), and Sustainable (X6) have a strong category influence in influencing performance (Y), whilst cooperative (X3) has a moderate category influence in determining performance BUMDes (Y).

Q-Square Predictive Relevance

The outcome of a Q-squared value obtained with the value R2 is shown in Table 7.

Table 7
Q² Predictive Relevant Q² Predictive Relevance

Variable	R-Square	1-R Square
<i>Performance (Y)</i>	0.813	0.187
$Q^2 =$	$Q^2 = 1 - (1 - R^2) = 0.813$	

Source: Data processing (2021)

The preservation value of Q² (Q-square predictive relevance) is according to Table 7.

Q² (Q-square predictive relevance) has a preservation value of 0,813 is the serial number. The model has an appropriate predictive relevance value because the value is greater than 0 (zero). Therefore the model has a sufficient predictive relevance.

Hypothesis testing

The Coefesien path and the t count result are in Table 8.

Table 8
Results of path coefficients and t-counts

Influence	Path coefficient	T-count	P-value
X1 -> Y	0.373	8.978	0.000
X2 -> Y	0.512	9.284	0.000
X3 -> Y	0.020	0.416	0.678
X4 -> Y	0.423	10.064	0.000
X5 -> Y	0.371	3.772	0.000
X6 -> Y	0.380	8.282	0.000

Source: Data processing (2021)

The positive coefficient value of the transparency variable path (X1), which is 0.373, indicates that the direction of the link between transparency (X1) and performance (Y) is positive or unidirectional Table 8 shows the results. if *transparency* (X₁) then increase the performance fulfillment (Y) and vice versa the 2-tailed test (t table = 1.96) the relationship between transparency (X1) and performance (Y) was significant, with a statistical T-value of 8,978 more than the t of the table and a p-value less than alpha 5% (0.05). As a result, H1 is accepted, implying that transparency (X1) can have a major impact on performance (Y). The findings of this study back with Nurjanah's research, which found that transparency had an impact on BUMDes' performance (Nurjanah & Mukhzarudfa, 2020).

The positive coefficient value of the Accountable Variable Path (X2), 0.512, indicates that the link between Accountable (X2) and Performance (Y) is positive or unidirectional, which implies that if Accountable (X2) grows, Performance Fulfillment (Y) increases and vice versa. In a 2-tailed test ($t_{table} = 1.96$) with a statistical T-value of 9,284 greater than the t_{table} and a p-value less than alpha 5% (0.05), the influence between accountability (X2) and performance (Y) is significant. As a result, it is widely believed that H1 is to blame (X2) and that it can have a major impact on performance (Y). The findings of this study agree with those of Rindi and Nurjanah's study, which found that BUMDes' performance is influenced by accountability (Nurjanah & Mukhzarudfa, 2020) (Rindi et al., 2019).

The positive value of the cooperative variable path coefficient (X3), specifically 0.020, indicates that the link between cooperative (X3) and performance (Y) is positive or unidirectional, meaning that when cooperative (X3) increases, so does performance fulfillment (Y), and vice versa. In a 2-tailed test ($t_{table} = 1.96$) with a statistical T-value of 0.416 less than a tablet and a p-value more than alpha 5% ($0.678 > 0.05$), the relationship between cooperative (X3) and performance (Y) is inconsequential. As a result, H1 is rejected as a cooperative (X3), which does not affect performance in some circumstances (Y). The results of this study are not consistent with the results of the research conducted by Nurjanah, who said that cooperation affects the performance of bumdes (Nurjanah & Mukhzarudfa, 2020)

The positive coefficient value of path (X4), 0.423, indicates that the link between participation (X4) and performance (Y) is positive or unidirectional, meaning that as involvement (X4) increases, performance fulfillment (Y) increases and vice versa. The link between participation (X4) and performance (Y) was significant in the 2-tailed test ($t_{table} = 1.96$) with a statistical T-value of 10,064 more than the t of the table and a p-value less than alpha 5%. (0.000 0.05). As a result, H4 is accepted, meaning that on occasion, participation (X4) has a significant impact on performance (Y). The findings of this study back with Nurjanah and Trivena's findings that BUMDes participation affects performance (Nurjanah & Mukhzarudfa, 2020) ((Trivena Y.P. Karinda, 2020).

The variable path emancipation (X5) has a positive coefficient value of 0.371, indicating that the link between emancipation (X5) and performance (Y) is positive or unidirectional, meaning that when emancipation (X5) grows, emancipation (X5) increases, performance fulfillment (Y) will increase and vice versa. On the 2-tailed test ($t_{table} = 1.96$) with a statistical T-value of 3,772 more than the t of the t -table and a p-value less than alphas 5% (0.05), the relationship between emancipation (X5) and performance (Y) was significant. As a result, it is widely acknowledged that H5As a result, it is widely acknowledged that emancipation (X5) can have a major impact on performance (Y). The findings of this study are in line with Widiastuti's research, which claims that if emancipation is properly used in the management of BUMDes, the BUMDes' performance will improve (Widiastuti et al., 2019).

And the positive value of the coefficient of the sustainable path (X6), 0.380, indicates that the link between sustainable (X6) and performance (Y) is positive or unidirectional, that is, if sustainable (X6) increases, then performance (Y) fulfillment will increase and change. On the 2-tailed test ($t_{table} = 1.96$) with a statistical T-value of 8,282 more than the t -table and a p-value less than alpha 5% (0.000 0.05), the influence between Sustainable (X6) and Performance (Y) is significant. As a result, it is widely believed that H1 is long-term (X6) and can have a considerable

impact on performance (Y). The findings of this study are in line with those of Widiastuti's research, which found that when Bumdes are used correctly over time, their performance improves (Widiastuti et al., 2019).

CONCLUSION AND RECOMMENDATION

The majority of Bumdes in the West Bandung Regency have embraced excellent governance to affect their performance, according to the study's findings. Transparency, accountability, participation, and sustainability are the governance aspects that have an impact on performance, whereas cooperative has no effect. The governance component is used in BUMDes, where participation has the most influence and cooperation is the least. Based on the findings of this study, improving BUMDes' performance necessitates the participation of all parties. This corresponds to the concept of Bumdes as social enterprises with hybrid organization characteristics, namely, in addition to increasing profits, social organizations that are obligated to contribute to the solution of social problems in their environment, which necessitates the participation of all circles.

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