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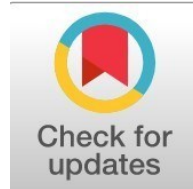
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Governance Principles Driving Sustainable Village Economic and Social Development

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Abstract

General Background: Village-Owned Enterprises (BUMDes) serve as key instruments for advancing local economic development and community welfare within Indonesia’s rural governance system. **Specific Background:** Despite their strategic role, many BUMDes—including BUMDes Raharja in Bohar Village—struggle to fully implement good governance principles due to challenges in financial independence, human resource capacity, and digital transparency. **Knowledge Gap:** Previous studies have emphasized the economic contributions of BUMDes but have insufficiently explored the integrated application of cooperative, participatory, emancipatory, transparent, accountable, and sustainable governance principles in shaping inclusive and resilient village economies. **Aims:** This study analyzes the implementation of good governance principles in BUMDes Raharja and evaluates their effects on community welfare and institutional sustainability. **Results:** Findings reveal that while BUMDes Raharja successfully fosters cooperation, participation, and transparency, limitations persist in financial autonomy, digital management, and inclusivity. **Novelty:** The study integrates six governance dimensions within a unified analytical framework, offering a comprehensive perspective on governance-driven rural empowerment. **Implications:** Strengthening human resources, promoting digital transformation, and establishing inclusive policies are crucial for enhancing accountability, participation, and long-term sustainability in village economic governance.

Highlights:

- Highlights the integration of six governance principles in BUMDes management.
- Identifies key challenges in financial independence and digital transparency.
- Emphasizes inclusive, participatory governance for sustainable rural empowerment.

Keywords: Village-Owned Enterprises, Good Governance, Community Welfare, Rural Development, Transparency

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Introduction

Villages are the smallest administrative units in Indonesia, typically found in rural areas and led by a village head elected directly by the local population. Their legal foundation is outlined in Law No. 6 of 2014 on Villages, which grants them the authority to manage local governance, implement development programs,

and empower their communities. As stated by [1] a village is a social entity with defined territorial boundaries, entrusted with the rights and powers to manage governmental affairs and address local interests, rooted in traditional customs and formally acknowledged within the state governance system. In this context, village governments are essential to raising rural residents' standard of living. They are responsible for managing local economic development in addition to administrative tasks. demonstrates that the creation of Village-Owned Enterprises (BUMDes) is one of the most important tools for promoting economic development at the village level. [2]. With the ultimate goal of improving the general welfare of village inhabitants, these businesses are made to promote community empowerment, maximise the potential of local resources, and increase village-generated revenue.

Within the Unitary State of the Republic of Indonesia (NKRI) governance structure, the village government is an institution in charge of carrying out governmental functions and attending to the needs of its local populace. At the village level, the head of the village is the main leader, with help from village officials who are in charge of overseeing different public services. Village financial management involves a number of steps, including planning, execution, administration, reporting, and guaranteeing accountability, all of which must be carried out openly and with community accountability, as per Regulation of the Minister of Home Affairs (Permendagri) No. 113 of 2014. By creating Village-Owned Enterprises (BUMDes) and carrying out other community development projects, villages actually actively support the local economy. Villages are essential to national development because of their strategic role, especially when it comes to initiatives to reduce the socioeconomic divide between rural and urban areas.

A strong basis for village governments to exercise their power, create development plans, and promote community empowerment is established by the adoption of clear regulations in the Village Law. The village government's capacity to provide public services in an organised and accountable manner is improved by this legal clarity [3]. The rule also emphasises the importance of community involvement at every stage of development, from planning and implementation to assessment, in order to guarantee that programs are implemented in a way that genuinely reflects the needs and goals of the community. Enhanced community engagement fosters a collaborative relationship between village officials and residents, promoting governance that is more transparent, inclusive, and accountable. In the long run, this participatory development model supports the realization of sustainable village self-reliance, rooted in the village's unique local resources and characteristics.

In Government Regulation No. 11/2021 on Village-Owned Enterprises (BUMDes), it is explained that BUMDes are established to provide services and develop various types of business activities that support the survival of the village community as a whole. Emphasizes that village regulations also underline the importance of creating a synergistic and democratic relationship between the Village Consultative Body (BPD) and the village head [4]. In this case, the BPD acts as a representative of villagers who have a supervisory function over the performance of the village head, as well as contributing to decision-making

through a deliberative consensus approach. The role of the BPD is not only limited to policy control, but also as an active partner in the implementation of village development, public services, and community empowerment. The BPD contributes to the village deliberation forum and makes sure that decisions made there accurately represent the goals and interests of the larger community.

Village-Owned Enterprises (BUMDes) give villages the chance to oversee a variety of business endeavours with the goal of empowering the neighbourhood. Businesses run by BUMDes frequently focus on industries like tourism, handicrafts, agriculture, and fishing. Agriculture is the main engine of the local economy in many rural areas, so BUMDes' participation in agricultural product management is essential to raising the competitiveness of these regional goods. By processing agricultural commodities, BUMDes helps to raise the added value of these goods, which has an immediate effect on the community's income levels. As a result, BUMDes serves as both a business management organisation and a village-level economic transformation agent.

The limited capacity of human resources (HR) is a significant challenge for Village-Owned Enterprises (BUMDes) that extends beyond financial governance. Although villages are legally allowed to create BUMDes, these organisations cannot function effectively without knowledgeable and competent staff. highlighted by [5], "human resources are the core obstacle contributing to VOE underperformance." Village governments must thus fund training programs and capacity-building projects for BUMDes managers, especially in areas like marketing tactics, business operations, financial oversight, and administrative systems. These training programs can be supported by institutions with expertise in village development, including universities and non-governmental organizations (NGOs). External collaboration also plays a key role in strengthening internal management systems. Observed by [6] "BUMDes lacks important accounting systems and procedures, including standard operating procedures (SOPs) and an integrated information system. This limits the ability of BUMDes to increase village income and welfare."

Active community involvement in managing BUMDes is just as important as improving HR capabilities. The success of BUMDes programs is significantly impacted by public participation in all operational phases, including planning, implementation, monitoring, and evaluation. This involvement should encompass practical execution and oversight as well as the decision-making stages. Regular public involvement will help BUMDes leadership make decisions that better reflect the needs and goals of the community, making implemented programs more relevant and successful.

BUMDes are anticipated to be important tools for empowering rural communities in the social, cultural, and economic spheres in addition to being revenue generators. In this sense, ensuring the long-term viability and operation of BUMDes requires the application of sound governance principles. Transparency, accountability, involvement, responsiveness, and an emphasis on results are some of these values. As emphasised by [7] "effective HR management makes a significant contribution to improving the performance

of BUMDes,” arguing that human resource management and good governance are essential elements that contribute to long-term success.

Significant social disparities and the rural population's restricted access to basic services like healthcare, education, and supporting infrastructure make this problem even more difficult, as noted by [8]. These differences are major barriers to inclusive and balanced village development. In order to overcome these obstacles, BUMDes must be managed holistically and sustainably, which includes developing human resource capabilities, putting good governance ideas into practice, and encouraging increased community involvement in decision-making. In order to enable villages to develop independent and competitive local economies, economic empowerment initiatives should also prioritise long-term development objectives and maximise the use of available resources.

In the context of rural development, the idea of improving community welfare through Village-Owned Enterprises (BUMDes) entails initiatives to improve the social, economic, and cultural aspects of villagers' quality of life. The local economy is stimulated by BUMDes, which works to support social projects like bettering healthcare and education in addition to increasing revenue. At its core, BUMDes is a calculated strategy to reduce economic inequality and alleviate poverty by boosting village-based economic activity and generating employment opportunities. Studies carried out by [9] shown that the establishment of BUMDes in Tutar Village improved the welfare of the local population, especially through the expansion of small businesses in the area, a decline in unemployment, and improved community access to high-quality healthcare and education.

At the village level, BUMDes play a crucial role in fostering economic independence. Out of 318 villages, 263 have established Village-Owned Enterprises, according to data from the Sidoarjo District Community and Village Empowerment Office (PMD). But only about 23% have attained advanced status, which reflects a number of challenges in managing and implementing it. In light of this circumstance, the Sidoarjo District Government believes it is critical to implement specific corrective actions in order to fortify the BUMDes management system. Extending the business's reach to prospective industries like trade and tourism is one strategy. This plan seeks to expand the village's revenue stream while providing local communities with more job options. But in reality, many BUMDes still encounter a number of challenges when putting good governance principles into practice, like BUMDes Raharja in Bohar Village. Lack of financial independence, low community involvement in management, and restricted use of digital technology to boost marketing and operational effectiveness are some of the issues BUMDes Raharja is facing. Dependence on village funds that have not been managed optimally indicates a lack of effort to create sustainable independent sources of income, which is one of the key indicators of good governance [10].

BUMDes Raharja in Bohar Village faces various challenges in implementing good governance principles, such as dependence on village funds that have not been able to create financial independence, low community participation in the planning and evaluation process of activities, and lack of utilization of digital

technology to support operational efficiency and product marketing. The dependence on village government funds indicates that a sustainable business model has not been developed, while the lack of community involvement leads to weak social control and a lack of innovation based on local potential. On the other hand, the absence of a digitalization system in administrative management and business promotion limits the competitiveness and accountability of the institution. Therefore, strategic measures such as strengthening human resource capacity, optimizing information technology, and developing an inclusive and adaptive business model are needed so that BUMDes Raharja can grow independently, professionally, and have a broad impact on the welfare of the village community.

In several villages in Sidoarjo Regency, such as Ketapang Village, the role of BUMDes in supporting village economic growth is increasingly evident through business diversification into the tourism sector. This step reflects the transformation of BUMDes' role from a conventional business unit manager to an agent of local economic development based on regional potential. As explained by [9], the involvement of BUMDes in the management of tourism objects not only increases the village's original revenue (PADes), but also creates a chain effect on the growth of other micro-enterprises, such as home industries, traditional culinary, and local handicraft products. By promoting local knowledge to both domestic and foreign tourists, BUMDes' success in this area also enhances local cultural identity. Additionally, the growth of village tourism gives young people in the village work options, which lowers urbanisation and boosts youth involvement in development. BUMDes must be encouraged to adopt information technology-based management, which includes digital marketing, online reservation platforms, and social media promotion, in order to guarantee the program's sustainability. Optimizing business strategies with a digitalization approach will not only expand market reach, but also improve transparency and efficiency of business management. With institutional strengthening, human resource capacity building, and strategic partnerships with the private sector and local government, BUMDes have the potential to become a major catalyst for inclusive, innovative and sustainable village economic development in Sidoarjo and beyond.

The fundamental tenets of good governance—transparency, accountability, participation, responsiveness, and results orientation—must be upheld by the management of BUMDes Raharja's business units. These core principles provide a framework for making sure that business operations are carried out effectively, professionally, and in a way that significantly enhances the welfare of the community. The village market, which has nine kiosks, is one of the primary business units that are managed. Managing this market requires transparent vendor allocation, accountable financial reporting, and sensitivity to the needs of both traders and consumers. In this context [11], emphasize that “transparency in financial reporting and access to public information are vital to building accountable and performance-based governance.” In other words, open governance is essential in establishing trust and institutional accountability.

In addition to the village market, BUMDes Raharja operates a food court comprising six local culinary businesses. This unit has a great deal of potential to stimulate economic growth, especially in the conventional

food and beverage industry. However, its management has to deal with issues like efficient promotion, hygienic maintenance, and operational scheduling. The fundamentals of good governance are once again crucial at this point. According to [6] “the absence of structured accounting systems and SOPs limits the ability of BUMDes to increase village welfare.” This demonstrates how, even in cases where business opportunities appear promising, flaws in financial and operational systems can impede economic potential.

To maximize its overall business potential, BUMDes Raharja must enhance its internal organizational capacity, particularly in financial administration, strategic planning, and digital technology integration. For example, the adoption of digital financial systems can significantly improve reporting accuracy and streamline monitoring and evaluation processes. Asserts that “limited access to information and low inclusive participation are key obstacles in village fund and BUMDes governance.” Thus, ensuring transparent access to information and broad-based community participation are critical to enabling more effective and sustainable BUMDes governance [12].

The difficulties that BUMDes Raharja in Bohar Village faces are the main topic of this study, especially with regard to governance procedures that might not be entirely consistent with the ideals of good governance. In order to determine how these factors affect the village's economic self-reliance and the sustainability of its business operations, the study will look at the governance structure, financial management systems, and partnerships and business development strategies. [13].

Similar to the primary research, these studies also examine BUMDes governance from a good governance perspective using a qualitative analysis approach. In the study of BUMDes Sumber Sejahtera in Genito Village, employed three theoretical frameworks to assess the application of good governance principles through deliberation and consensus, which in turn stimulated community economic productivity [14]. Analyzed by [15] BUMDes Sukalaksana using the UNDP framework, focusing on the entity's contribution to Village Original Revenue (PADes). BUMDes Sedati Agung, highlighting obstacles such as the absence of Standard Operating Procedures (SOPs) and regulations, while offering recommendations for governance improvement [16]. Meanwhile, [17] investigated BUMDes in Duren Village, emphasizing enabling and inhibiting factors in the implementation of good governance.

The main differences from the present study lie in the location, theoretical framework, and analytical focus. All previous research was conducted in different villages, whereas the primary study focuses on BUMDes Raharja. Theoretically, the primary research adopts by [18], while the others use the UNDP model or a combination of various theoretical approaches. In terms of focus, several studies place greater emphasis on BUMDes' contribution to PADes, supporting and inhibiting factors, or policy recommendations, whereas the current study prioritizes the implementation of governance principles in BUMDes Raharja to enhance village community welfare.

This research examines the key challenges faced by BUMDes Raharja in Bohar Village in applying good governance principles, which include transparency, accountability, participation, and responsiveness

[12]. The analysis centers on governance structure, financial management systems, partnership strategies, and business development innovations, all of which are considered to influence village economic self-reliance and business sustainability. It also investigates internal organizational dynamics, such as decision-making processes, resource distribution, and financial reporting mechanisms that remain unclear [19]. The identified issues include limited innovation, weak strategic partnership networks, and the suboptimal utilization of local potential [20].

Method

This study employs a qualitative research method with a descriptive approach. Define by [19] qualitative research as a strategy for exploring and interpreting the meanings individuals or groups attribute to social or human-related issues. This method is particularly suitable for obtaining rich, in-depth data and emphasizes transferability over generalizability [20]. The research was conducted at BUMDes Raharja, located in Bohar Village, Taman District, Sidoarjo Regency. This study's main goal is to create a model of effective village-owned business management by analysing the governance procedures used by BUMDes Raharja in their initiatives to improve community welfare.

Both primary and secondary sources are used in the data collection for this study. Information obtained directly from the source—whether individuals or groups—by the researcher without the use of middlemen is referred to as primary data. According to [21], the spoken words and actions of those observed or interviewed constitute the principal data source. In this context, primary data were obtained from key informants and supporting informants. The key informant for this study is Mr. Sutrisno, the Director of BUMDes Raharja, who, along with the Treasurer and core management team, plays a central role in governance activities. Supporting informants include Mr. Herry (Director), Mrs. Rini (Treasurer), Mr. Suepomo (Secretary), and Mr. Mistur, the Head of Bohar Village, who provides insights regarding the village government's support for BUMDes Raharja. Additionally, community members engaged in collaborative business initiatives with BUMDes also contribute as informants.

Secondary data, on the other hand, consists of information sourced indirectly to supplement primary data. Books, official documents, archives, online resources, scholarly journals, theses, news reports, and other materials relevant to the study of BUMDes governance are some of the sources from which this supporting data was gathered. The study employs a number of strategies to guarantee thorough data collection, including in-depth interviews with important stakeholders, firsthand field observations, document analysis, and secondary data searches from reliable internet sources. This multi-faceted approach is designed to capture a thorough and nuanced understanding of the governance phenomena within BUMDes Raharja.

This study uses a qualitative descriptive approach that aims to describe in depth the principles of BUMDes Raharja governance in improving the welfare of the Bohar Village community. This approach was

chosen because it is able to capture the complexity of social interactions, perceptions, and experiences of stakeholders as a whole.

1. Data Sources and Participants

The data sources consist of primary and secondary data. Primary data was obtained through in-depth interviews, participatory observation, and informal discussions with relevant informants. Secondary data includes official BUMDes Raharja documents (AD/ART, annual reports, financial reports), meeting minutes, activity archives, as well as literature references and regulations related to BUMDes. Research participants were selected using purposive sampling with the following criteria: (1) directly involved in the management of BUMDes Raharja, (2) having at least one year of experience in BUMDes activities, and/or (3) having relevant information related to programmes and governance. Key informants include: Chairman, Secretary, Treasurer, Head of Business Unit, village officials, as well as community representatives and local business actors.

2. Data Collection Techniques

Data collection was conducted in May 2025 over a period of July 2025, using three main techniques: In-depth interviews using semi-structured guidelines. Interviews lasted between 45 and 90 minutes and were conducted face-to-face at the BUMDes Raharja office and at the homes of some informants. Example questions: “How does the decision-making mechanism work in BUMDes Raharja?” or “What form does community involvement take in programme planning?” Participatory observation to directly observe coordination meetings, village deliberations, and business unit operational activities. Field notes included interactions between actors, the atmosphere of discussions, and decision-making procedures. Documentation of activity archives, financial reports, photos, and BUMDes publication materials as supporting data.

3. Data Analysis Process

Data analysis using the method from the book Data Analysi [22] model through three main stages: Data reduction: selecting, grouping, and focusing data based on relevant themes. Data presentation: organising information into thematic matrices, descriptive narratives, and diagrams of relationships between categories. Drawing conclusions and verification: identifying patterns, relationships, and key findings that address the research focus. The analysis process is conducted in stages with data coding: Open coding: identifying initial themes from interview transcripts. Axial coding: linking themes into interrelated categories. Selective coding: selecting core categories that form the final conclusions.

4. Data Validation

Data validity is ensured through: Source triangulation: comparing data from BUMDes administrators, village officials, and the community. Technical triangulation: combining interview results, observations, and documentation. Member checking: confirming interpretation results with key informants. Audit trail: storing interview recordings, field notes, and documents for verification purposes.

Result and Discussion

This study aims to analyze the implementation of BUMDes Raharja governance principles in Bohar Village, Taman Subdistrict, Sidoarjo Regency, in the context of the six governance principles: cooperative, participatory, emancipatory, transparent, accountable, and sustainable. This discussion integrates empirical findings with village governance theory based on good governance and relevant supporting literature [18].

1. Cooperative Principle

The cooperative principle in BUMDes governance emphasizes the importance of cooperation between parties in realizing the goals of inclusive and sustainable village economic development. BUMDes cannot be run individually but requires the active involvement of the community, local businesses, village governments, and external partners. At BUMDes Raharja, this principle is realized through the development of the Beras Cap Pak Tani business unit, where BUMDes collaborates directly with local farmers. The harvested rice is purchased at a stable price, processed through the BUMDes milling facility, and packaged as a local rice product. This collaboration shortens the distribution chain while strengthening farmers' bargaining power, creating fair and measurable economic value for village residents [18].

The principles of cooperatives are not only applied in the agricultural sector but also in the development of non-agricultural business units such as the food industry. Through the administration of food and beverage business units like Dokter Bakso Urat, Dokter Es Teler, and Berkah Sholawat, BUMDes Raharja creates chances for community collaboration. Under this plan, the community is in charge of day-to-day operations, while BUMDes supplies the venue and management assistance. This model not only offers direct economic opportunities but also fortifies the local economy through empowerment and cooperation. In order to minimise undue business risks, cooperative principles are implemented selectively and cautiously in accordance with BUMDes' operational capabilities. This strategy shows that collaboration involves both strategic awareness and wide-ranging partnerships in order to preserve the viability of the village economy.

Additionally, BUMDes Raharja consistently reinforces its application of cooperative principles through partnerships with the private sector, village markets, and cooperative promotional activities. These efforts reflect that cooperative principles are not only applicable in internal relationships between managers and the community but also extend to external collaborations that support the holistic growth of BUMDes. This aligns with the idea that cooperation should be the collective spirit binding the entire governance process of BUMDes, from planning to implementation [18]. By making cooperation the foundation of governance, BUMDes Raharja not only promotes village economic growth, but also strengthens social solidarity and community-based economic independence.

Collaboration between BUMDes Raharja, the village government, and local business actors exists, but it has not extended to external partners such as the private sector and financial institutions. In contrast shows that cross-sector partnerships can enhance the competitiveness of village enterprises. There also demonstrate that close cooperation with community groups can reduce operational costs and speed up product distribution [14]. This difference underscores that cooperation at BUMDes Raharja remains internal and lacks strategic orientation, leaving untapped potential for business development synergy.

2. Participatory Principle

The participatory principle in BUMDes governance is the main foundation for building a democratic and inclusive village institutional system [18]. This principle emphasizes the importance of involving all elements of society—both as subjects and objects of village development—in the process of planning, implementing, and evaluating programs. At BUMDes Raharja, this principle is realized through various participatory channels such as the provision of suggestion boxes, online communication via WhatsApp and social media, and the inclusion of management contact numbers in the organizational structure. These initiatives show a dedication to actively including residents as partners in the decision-making process and social control over the operation of the BUMDes organisation; they are not just symbolic.

It is impossible to separate the active role of the village government as a facilitator and policy director from the application of participatory principles at BUMDes Raharja. Based on the findings of the interviews, BUMDes managers and village officials have a close-knit, cooperative relationship that reflects a productive two-way working mechanism. The village government not only provides guidance and input but also actively monitors BUMDes performance through regular reports. This model aligns from [18] perspective that successful participation in village governance requires synergy between community power (bottom-up) and the institutional capacity of the village government (top-down) to create an accountable and responsive system tailored to local needs. Additionally, the village government also acts as a bridge for communication between BUMDes and external institutions such as the cooperative office or business partners, thereby expanding the scope of participation and strengthening the institutional legitimacy of BUMDes at the regional level. This collaboration serves as a crucial foundation for building inclusive, adaptive, and community-empowerment-based village governance.

The active participation of the community is also reflected in their involvement in the village deliberation forum and the BUMDes program evaluation process, which serve as formal spaces for social accountability and monitoring. In accordance with the framework, this form of participation strengthens the sense of community ownership of the BUMDes, increases policy legitimacy, and broadens the support base for various village economic initiatives [18]. By applying substantial participatory principles, BUMDes Raharja demonstrates that governance that involves the community as a whole can create a collaborative space that is democratic, efficient, and sustainable in promoting the welfare of the village community. In fact, in some strategic activities such as the development of new business units or annual performance evaluations,

the community is involved from the planning stage to implementation, which indirectly shapes a modern gotong royong culture that is adaptive to local economic dynamics.

Community involvement in BUMDes Raharja tends to be procedural—limited to meeting invitations—rather than substantive participation that encompasses planning through evaluation stages. This is in contrast with the participatory model in the study by [14], which successfully integrated residents' aspirations into business policy. As emphasized by [16] clear internal regulations are an essential instrument to direct meaningful participation, yet such mechanisms are lacking in BUMDes Raharja. This indicates that participation will only be effective if accompanied by a system ensuring that community voices are genuinely incorporated into decision-making.

3. Principle of Transparency

In the theoretical framework of good governance, the principle of transparency refers to information openness that allows the public to access data and decision-making processes in a clear and accountable manner. In BUMDes Raharja, this principle has been applied through the periodic submission of financial reports by the treasurer to the community, both in the monthly Village Consultative Forum (Musdes) and in the annual evaluation. This practice reflects the BUMDes' concrete efforts to uphold the values of accountability, while at the same time providing space for villagers to monitor business development and ensure the use of funds is in line with planning.

However, based on field findings, the implementation of transparency has not fully reached all levels of society, mainly due to the unavailability of digital-based information systems such as the official BUMDes website. Providing broad and equal access to information is an important part of transparency so that the community can access data without having to be physically present in the village forum [18]. This is reinforced by the findings of [17], who assert that the digitalization of public information in village-owned enterprises is part of a modern governance strategy. The absence of digital channels causes limitations in the dissemination of real-time information and is a challenge in guaranteeing the public's right to information.

Transparency is also seen in the process of recruiting administrators, allocating social funds, and procurement procedures, where the community is directly involved through evaluative forums as a form of social control. This is in line with Purnomo's view that transparency is not only related to financial information, but also to the procedures and policies run by the organization. Through the openness of this process, the community acts as a supervisory partner against potential abuse of authority by managers. Therefore, although in general the principle of transparency has been well implemented in BUMDes Raharja, the development of digital-based information channels is a strategic step to strengthen public legitimacy and expand the reach of accountability in the current digital era. Furthermore, this digitalization can include features such as online financial report publication, activity program announcements, and community aspiration forms that can be accessed at any time. This innovation not only accelerates the flow of

information, but also encourages active community involvement in supervision, and strengthens the culture of transparency as part of democratic and adaptive village governance.

The limitations in transparency at BUMDes Raharja, particularly in financial reporting and public information disclosure, reveal a gap in the public information management system. Compared to BUMDes Sumber Sejahtera in the study by [14], which successfully built public trust through regular deliberative meetings, BUMDes Raharja has not yet maximized the use of such forums to promote data openness. This discrepancy may stem from the absence of external control mechanisms and the lack of internal regulations, as highlighted by [16] without a standardized documentation and publication system, transparency is challenging to achieve, even when formal forums are in place.

4. Emancipative

The emancipative principle in BUMDes governance emphasizes providing open access, equitable treatment, and recognition of the diverse roles played by community members in fostering local economic development [18]. BUMDes Raharja has embodied this principle by actively involving women's groups, youth, and residents from various social strata in the management of business operations and organizational activities. This approach demonstrates that the principle of equality is not merely rhetorical but is genuinely embedded in daily governance practices and the distribution of institutional responsibilities.

BUMDes Raharja's inclusive approach is also demonstrated by its empowerment initiatives, which make use of local assets and capabilities. A commitment to equitable governance is demonstrated by programs like providing equal opportunities for small vendors in the village market, assisting women-led MSMEs, and offering storage options to locals who are unable to run their own kiosks [18]. By ensuring equitable access to economic opportunities for all community members, these initiatives promote social cohesion, self-assurance, and a sense of ownership—all crucial components of sustainable village development.

As a result, BUMDes Raharja's implementation of emancipative governance has greatly improved the community's social capital and broadened the village development vision beyond financial gains to a more inclusive and transformative agenda. Orienting [18] framework, responsive, democratic, and equitable governance has made it possible for BUMDes Raharja to develop into a vibrant organisation that can lead to significant advancement and adjust to societal shifts. This illustrates that BUMDes management practices rooted in emancipative principles not only reinforce institutional legitimacy in the community's perception but also elevate BUMDes' effectiveness as a key agent in achieving comprehensive and sustainable rural welfare and autonomy.

The emancipatory principle in BUMDes Raharja, which should guarantee equal access and opportunities for all community groups regardless of gender, age, or social background, has yet to be fully realized. In reality, the diversity of viewpoints in decision-making is limited by the predominance of male administrators and the minimal participation of women and youth organisations. This is in contrast to the

results of [15], which showed that women's active involvement in village business planning could improve product innovation and increase market penetration. In a similar vein, [14] highlighted that a greater sense of community ownership is fostered by inclusive BUMDes management. The situation in BUMDes Raharja indicates that the emancipatory principle requires intervention through clear internal regulations, targeted empowerment programs, and equal dialogue platforms to enable all groups to contribute meaningfully.

5. Principle of Responsibility

The principle of responsibility in good governance emphasizes the execution of duties and authorities in a professional, accountable, and community-oriented manner [18]. At BUMDes Raharja, this principle is operationalized through the formulation of bylaws and strategic plans that are ratified in the Village Deliberation Forum (Musdes). These documents act as both legal guidelines and ethical benchmarks for all managers in conducting business activities. The policy of allocating 5% of net profits to social funds exemplifies that BUMDes Raharja's responsibilities extend beyond administrative compliance, incorporating ethical and social dimensions as outlined by Purnomo, which stress integrity and alignment with the collective interests of the community.

Moreover, the implementation of responsibility is evident through internal monitoring mechanisms and routine financial reporting practices. Prior to operational execution, a Budget Plan (RAB) is prepared and subsequently monitored by a supervisory team drawn from community members, ensuring transparency and preventing financial mismanagement. This approach aligns [18] assertion that public accountability can only be achieved when oversight functions are active and involve community participation. At BUMDes Raharja, critical decisions—such as strategies for managing business losses—are made through deliberative forums that include various stakeholders within the village. This participatory process embodies collective responsibility and horizontal accountability, which are essential components of good governance as per Purnomo's framework.

Nonetheless, the aspect of social responsibility remains an area that requires further reinforcement. Although initiatives to support orphans and underprivileged groups are part of BUMDes Raharja's plans, budget limitations have hindered their full realization. Governance responsibility goes beyond procedural adherence and must consider the social impacts generated by institutional activities [18]. Therefore, diversifying business ventures and enhancing financial capacity are crucial strategies for enabling BUMDes Raharja to fulfill its social obligations in a more holistic and sustainable manner, thereby contributing to the broader welfare of Bohar Village's residents.

BUMDes Raharja's response to community suggestions tends to be slow and less adaptive, unlike the case in [17] study, where the BUMDes swiftly adjusted business policies to market changes. This discrepancy is probably caused by BUMDes Raharja's weak strategic partnership networks, which restrict information access and teamwork opportunities. In the meantime, [15] considers policy flexibility to be a crucial component of responsiveness as a tactic to enhance the village's economic contribution. These parallels imply

that responsiveness involves both the capacity to quickly modify policies in response to field feedback and the readiness to listen.

6. Sustainable Principles

The principle of sustainability in governance refers to an institution's capacity to maintain its continuity over the long term by balancing economic, social, and environmental considerations [18]. At BUMDes Raharja, this principle is reflected through structured short-term financial planning, specifically through the formulation of an Annual Detailed Plan (RRT). This plan serves as a management tool to regulate income and expenditures in a disciplined manner, ensuring that business operations remain stable without over-reliance on external funding or grants. Roughly 20% of BUMDes Raharja's revenue goes towards operating costs, with the remaining portion going towards reserve and reinvestment funds. The organization's dedication to long-term risk management and financial stability is demonstrated by this allocation strategy.

By actively involving the community in a range of economic endeavours, BUMDes Raharja advances sustainability on the social front. The management places equal emphasis on profit and social cohesion and community solidarity, as demonstrated by initiatives like giving away free coupons during morning exercise events, offering free meals during market anniversary celebrations, and involving neighbourhood residents (RW) in the distribution and use of BUMDes products. Real community involvement is necessary to achieve sustainability in governance because it increases the village's economic resilience by fostering a sense of ownership and shared responsibility [18].

Furthermore, BUMDes Raharja's practical approach to business decision-making, which is in line with their internal resource capabilities, demonstrates their sustainability efforts. Due to a lack of funding and the village government's lack of support, the management has chosen to concentrate on low-risk businesses like rice sales and kiosk rentals. This adaptive strategy exemplifies [18] notion of institutional independence, where village enterprises are encouraged to leverage local resources rather than depend on external support. By building a solid financial base, fostering strong social involvement, and implementing well-measured business strategies, BUMDes Raharja showcases a model of inclusive economic development that remains resilient amidst external environmental changes.

Due to a lack of sufficient product innovation and business diversification, BUMDes Raharja's sustainability strategy is still lacking, leaving the company susceptible to changes in the market. This contrasts with [17] results that demonstrate how BUMDes have been successful in preserving sustainability through local potential-based innovations. emphasises that maintaining long-term economic impact requires ongoing support and strategic planning, two components that BUMDes has not yet fully adopted. Raharja [15]. These comparisons show that sustainability requires a systematic long-term orientation rather than simply maintaining existing business units.

Conclusion

Based on the research findings, it can be concluded that BUMDes Raharja has consistently and integratively implemented six principles of good governance. These include cooperation through internal coordination and strategic partnerships, participation through community involvement at every stage, emancipation through the engagement of women's groups, youth, and marginalized citizens, transparency through village deliberations and the use of social media, accountability through structured planning, reporting, and monitoring mechanisms, and sustainability through business strategies rooted in participation and local economic independence. The focus on inclusive, flexible, and sustainable rural development is reflected in this governance framework. Nevertheless, more research is advised to examine the difficulties in integrating digitalisation into BUMDes management as well as its possible effects on boosting community involvement and guaranteeing corporate viability. Future studies might examine how digital transformation can improve community involvement and fortify BUMDes governance.

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