

PROCEEDINGS

4th **ICGSS**
INTERNATIONAL CONFERENCE
of Graduate School on Sustainability

October 11-12, 2019

Graduate School Building, University of Merdeka Malang
Terusan Raya Dieng 59 Malang, East Java, Indonesia



SUSTAINABILITY STUDIES
in the industry 4.
and society 5.  era.



ENGINEERING PERFORMANCE EVALUATION MODEL IN THE CONTEXT OF BUMDES POLICY FORMULATION: A STUDY FROM THE PERSPECTIVE OF THE POLITICAL ECONOMY OF ACCOUNTING THEORY

Gagak Apriyanto and Achmad Firdiansjah

University of Merdeka Malang

Corresponding Author: apriyantogagak@gmail.com, firma@yahoo.com

ABSTRACT

This study aims to engineer a performance appraisal model in the context of BUMDes policy formulation with the Political Economy of Accounting Theory approach. The design of this study uses multiple case study analysis. The research site was conducted in the Village Owned Enterprises or BUMDes of Malang Regency specifically in Jabung District, Poncokusumo District and Wajak District. As for the informants in the study included elements of the district, elements of the village, BUMDes management elements and BUMDes member elements. The results of this study are an engineering performance evaluation model that is used to formulate the BUMDes policy in Malang Regency which is examined from the perspective of the Political Economy of Accounting Theory with two theoretical premise approaches, namely the distribution of power and welfare distribution at the sub-district, village level, BUMDes elders and BUMDes members. The design sequence for the implementation of the model starts from the performance appraisal process, the results of the performance appraisal, making recommendations and finally formulating policies.

Keywords : Performance Appraisal, Political Economy of Accounting.

PRELIMINARY

The presence of BUMDes in Malang is expected to be able to support the re-emergence of social democracy in the villages through increasing the capacity of rural communities in managing BUMDes in a sustainable manner, and the participation of rural communities in BUMDes is also no longer reduced. The role of the regional government in this case the Malang district government in the form of a local government policy is very important to improve the performance of BUMDes. The condition of BUMDes in Malang district is based on data submitted by the Head of Community Empowerment Agency (BPM), Eko Suwanto, only 25 BUMDes are active from 378 villages (Hapsari, 2017). The data raises a big question, why are there so many of the villages in Malang district that only have a small number of active BUMDes? Whereas the main purpose of establishing BUMDes is to improve the welfare of rural communities through empowerment programs. Information related to crucial factors especially regarding BUMDes sourced from performance appraisal is a very important input for formulating a policy for the district government of Malang. In this study, researchers have a strong view that to improve the performance of BUMDes requires a concrete effort that is engineering the BUMDes performance appraisal model. The engineering of the BUMDes performance appraisal model does not only emphasize the process and outcome aspects, but also comes up with a recommendation form of reflection on the performance appraisal in order to formulate a policy for the district government of Malang. The basic concept of this performance appraisal engineering model is to use two theoretical premises, namely the justice distribution of power distribution and the welfare distribution adopted from the

Political Economy of Accounting (PEA) theory from Cooper and Sherer (1984) and Apriyanto (2015).

THEORY REVIEW

A performance evaluation formulation from the perspective of the Political Economy of Accounting (PEA), must pay attention to the relationship between the distribution of power justice and welfare. In performance appraisal based on the perspective of the Political Economy of Accounting (PEA), it focuses on the just and fair distribution of wealth, and the relationship between the distribution of power and the distribution of wealth (relation of power and wealth). The greater the power, the more prosperity will be followed (Tinker, 1980; Hoogvel and Tinker, 1978; Irianto, 2006; Irianto, 2007; Gaguk, 2015). This is in accordance with the purpose of establishing a Village-Owned Enterprise (BUMDes), which is to empower in order to prosper in the village. There is an influence between the performance of BUMDes and the level of welfare of participants. BUMDes performance is not free from the influence of the company's internal and external environment. This has led to the socio-political setting played a role in maintaining going concern BUMDes.

The theoretical model of the policy formulation research through the engineering performance evaluation model of Village-Owned Enterprises (BUMDes) in the framework of empowering equitable village communities in Malang district is as follows:

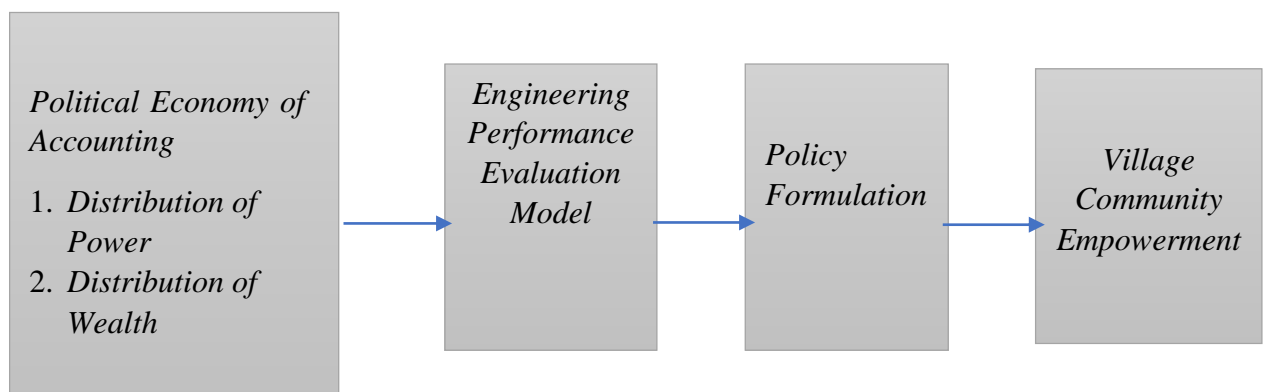


Figure 1: Theoretical Model of Performance Appraisal as a Basis for Policy Formulation

RESEARCH METHODS

This type of research is descriptive qualitative. The research design is multiple case study. The reason for using the first case study, this type of research is social research, case studies are more appropriate for this type of research (Yin, 1996). Second, case studies have advantages in understanding more deeply related complex social problems (Dooley, 2005: 335). Third, case study research is carried out completely, thoroughly and deeply using a variety of data sources (Lincoln and Guba,

1985), further clarified by Stake (1994, 2005), then developed by Creswell (1998, 2007) and Dooley (2002), and was followed by Hancock and Algozzine (2006).

The site in this study was carried out at a Village-Owned Enterprise or BUMDes in Malang Regency. The reason for choosing this research site is because researchers did not encounter significant difficulties in obtaining research data. Related to the ease in accessing research data in the field as one of the considerations of researchers in selecting research sites, conveyed by (Morse in Denzin and Lincoln, 1998: 60). Third, the scientific meaning, by conducting research on the above research site, will result in the development of a wider and integrated BUMDes performance assessment that will measure the extent to which justice distribution of power and welfare is related to the interests of stakeholders. The unit of analysis in this study is the concept of performance appraisal at BUMDes with a Political Economy of Accounting Theory study.

In order to obtain the required data, researchers used data collection techniques of documentation, observation and interviews. Documentation includes quantitative data relating to BUMDes in Malang Regency, both from print media, electronic media and online media. Researchers do observation by involving themselves directly in the situation under study as a pure observer and systematically observing various dimensions that exist including interactions, relationships, actions, events, and so on (Mason, 1996: 60). Interviews, researchers conducted to the parties directly related to BUMDes activities as well as informants, namely from the elements of the district, village elements, elements of the BUMDes management and elements of BUMDes members. It is expected that with the representation of the informant is able to explore critically all aspects of BUMDes, especially related to the information needed to compile a comprehensive and in-depth concept of BUMDes performance evaluation with aspects of fair distribution of power and welfare.

RESEARCH RESULT

1. The Distribution of Power Analysis

This power analysis is carried out by looking at the extent of the role carried out by the sub-district institutions, village institutions, BUMDes management and BUMDes members in relation to the BUMDes existence so far. The data that the author of the analysis obtained both formally through the FGD and informally through casual chat.

District Institution level

Subdistrict is an administrative area that is under the district or city. A sub-district is a combination of several villages and wards. Discipline is led by a subdistrict leader who in carrying out his duties he will be assisted by other instruments. For more details, this article will explain the organizational structure of the sub-district government. According to Government Regulation No. 41/2007, it is explained that sub-districts are sub-district working areas as district or city apparatus. Thus a subdistrict head has a position and is responsible to the Regent or Mayor through the Regional Secretary. Or it can be said that the sub-district organization functions and is responsible for assisting the Bupati's duties in optimizing various government

activities, development, and community development within the sub-district area. In BUMDes activities, some of the activities involve sub-districts. There is a sub-district intervention in the management of BUMDes. As for the reason the kecamatan interfered because the BUMDes management was less able to manage BUMDes. In addition to the BUMDes management being unable to carry out their functions, the Wajak sub-district also considered the village head's understanding of the village chief especially regarding the BUMDes very poor. This happens because the village head has so far only known the task as an extension of the government structure above that deals more with administrative issues and is responsible for projects and programs that come from above. As a result, it takes a great deal of effort to understand the BUMDes which rely more on entrepreneurial issues. Weak understanding of BUMDes is what makes BUMDes discourse not well socialized to villagers. How can you socialize if your own understanding is still inadequate. As a result, the BUMDes issue only blows to the village elite or only to the circle of village officials.

Village Institution level

A village institution is a unit of the legal community that has the authority to manage and administer government affairs, the interests of the local community based on community initiatives, original rights, and / or traditional rights that are recognized and respected in the system of government of the Unitary Republic of Indonesia.

From there it is evident that the legal community unit, namely the villagers who live in a location that has the right or authority to conduct or run their government for the benefit of residents who live in the village area. The village is not subordinate to the sub-district, because the sub-district is part of a district / city, and the village institution itself is not part of the regional apparatus. Unlike the Kelurahan, the village has the right to regulate its territory more broadly. But in its development, a village can be changed its status to become a village. In connection with the distribution of power at the village level, all BUMDes program development activities are carried out by the village. Besides that, most of the villages involved in BUMDes activities. Based on the data above, the picture is obtained that there has been an injustice distribution of power in the management of BUMDes by the Pajar village. This injustice is in the form of considerable village intervention, especially in the preparation of BUMDes program activities and in BUMDes daily activities.

BUMdes management level

Related to the requirements to become a BUMDes management, it has been regulated in Article 14 of Permendesa No. 14 2015. The requirements to become a BUMDes operational operator are as follows: First, villagers who have a strong entrepreneurial spirit. Because BUMDes is a business institution, entrepreneurial spirit becomes a condition urgent. Second, domiciled and settled in the village for at least two years. In addition to the aspect of acceptance of long-lived residents will make someone familiar with the potential of their village. Third, have a good personality, honest, fair, competent and considerate of the economic efforts of the village. Although this seems normative, BUMDes are required to be open in carrying out their activities so that honesty becomes a very important indicator. Fourth, a minimum of a high school /

Madrasah Aliyah / SMK or equivalent level of education. This requirement applies to BUMDes management. But in the part that involves the implementation of the BUMDes business process, it can employ residents who are considered capable and do not have to pass at least high school. For example, workers under retail business units, waste management and so on. The following is an analysis and discussion of the BUMDes management profile: In managing BUMDes, the management hegemony is quite high. In connection with the preparation of the BUMDes program, all the arrangements are carried out by the management. In the BUMDes daily activities, the involvement of the management is quite large. This shows the quite dominant role of the BUMDes management in the management of this BUMDes.

BUMDes member level

BUMDes members are part of the organization involved in the BUMDes management structure. There are no special requirements that must be met to become a member of BUMDes. BUMDes membership is like membership in a cooperative. Although BUMDes members are not included in the organizational structure, its role is very strategic, not a BUMDes progress depends on the extent of active members or not. The more participation level of BUMDes members, the better achievement or performance of a BUMDes. In the perspective of justice the distribution of power by BUMDes members, that there has been domination by BUMDes members especially in the preparation of program activities. All compilation of BUMDes activity programs are carried out by members. Besides that BUMDes members are involved in all BUMDes activities. There was domination of power by BUMDes members both in the preparation of program activities and in BUMDes daily activities.

2. The Distribution of Welfare Analysis

Welfare is the impact or result of power. The greater the power, the greater his welfare. In this welfare analysis, what is discussed is related to what benefits are obtained by the sub-district, village, BUMDes management or BUMDes members. These benefits are both financial and non-financial in the management of BUMDes.

District Institution level

The subdistricts that are the objects of this study include Wajak, Jabung and Poncokusumo. As for the reason why the researchers chose the three sub-districts because the three regions already have BUMDes that have been around for a long time. The welfare analysis that critics research is related to the benefits received by the sub-district, both financial and non-financial. In general, the kecamatan does not benefit financially from the BUMDes. But non-financially, the sub-district has benefited greatly from the BUMDes existence. One of the non-financial benefits is to advance and prosper the community. Besides that aspects related to community empowerment also increased.

Village Institution level

An institution or institution is a place to carry out certain tasks and functions in order to achieve certain goals. Therefore the existence of village institutions is a place to carry out the tasks and functions of the Village Government. The purpose of the administration of the village government is to improve the welfare of the community, so that the task of the village government is to provide services (empowerment) and empowerment, as well as development (development) which is all aimed at the interests of the community. Financial benefits obtained by the village, can be said to be nonexistent. As for the benefits obtained non-financially by the village, there are benefits received. The form of non-financial benefits received in the form of increasingly orderly financial system business units. With the increasingly orderly financial system the business unit is expected to stimulate and trigger BUMDes performance.

BUMDes management level

The BUMDes management is a person trusted by the village to manage the BUMDes. Demands as BUMDes management are not only competent or skilled in managing BUMDes but also must be honest and trustworthy. BUMDes management must be professional in managing BUMDes, so that BUMDes can develop well and be able to compete with other business entities. The welfare distribution in the form of financial benefits received by the BUMDes management is received routinely, but the amount is small, which is Rp. 250,000. While the welfare distribution in the form of non-financial benefits, some are received by the BUMDes management, namely the management becomes closer to the community. Besides that, the management can also develop other businesses in the village. This shows that the distribution of welfare received by BUMDes management on the existence of BUMDes, is not too waiting either financially or non-financially.

BUMDes member level

BUMDes Members are part of the organizational elements in BUMDes. The participation of BUMDes members cannot be underestimated. The higher the participation of BUMDes members, the better the performance of BUMDes, and vice versa, the lower the participation rate of BUMDes members, the worse the BUMDes performance. Therefore, in order to optimize the performance of a BUMDes, a synergy of all organizational components, whether from the sub-district, the village element, the management element or the BUMDes member itself, financially, the BUMDes member receives a distribution equity of Rp. 700,000. Whereas on a non-financial basis, BUMDes members receive justice for the distribution of welfare in getting jobs in the field of empowerment.

3. Performance Appraisal Model as a Basis for Policy Formulation

The following figure is the implementation flexibility of the Political Economy of Accounting Theory or commonly referred to as the PEA theory. This theory uses two premises, power distribution and welfare distribution. The greater the power the greater the welfare obtained. The author's theory of PEA is used as a basis for making

BUMDes performance evaluation models. The results of performance assessments serve as the basis for making recommendations for district governments. Based on these recommendations, the district government made a policy formulation for BUMDes. Sihinnga, if in making the formulation of kebijakn starting from making academic texts, then in making this academic paper, recommendations made based on the results of the BUMDes performance assessment, are the main raw material for the district government to formulate a policy specifically related to BUMDes.

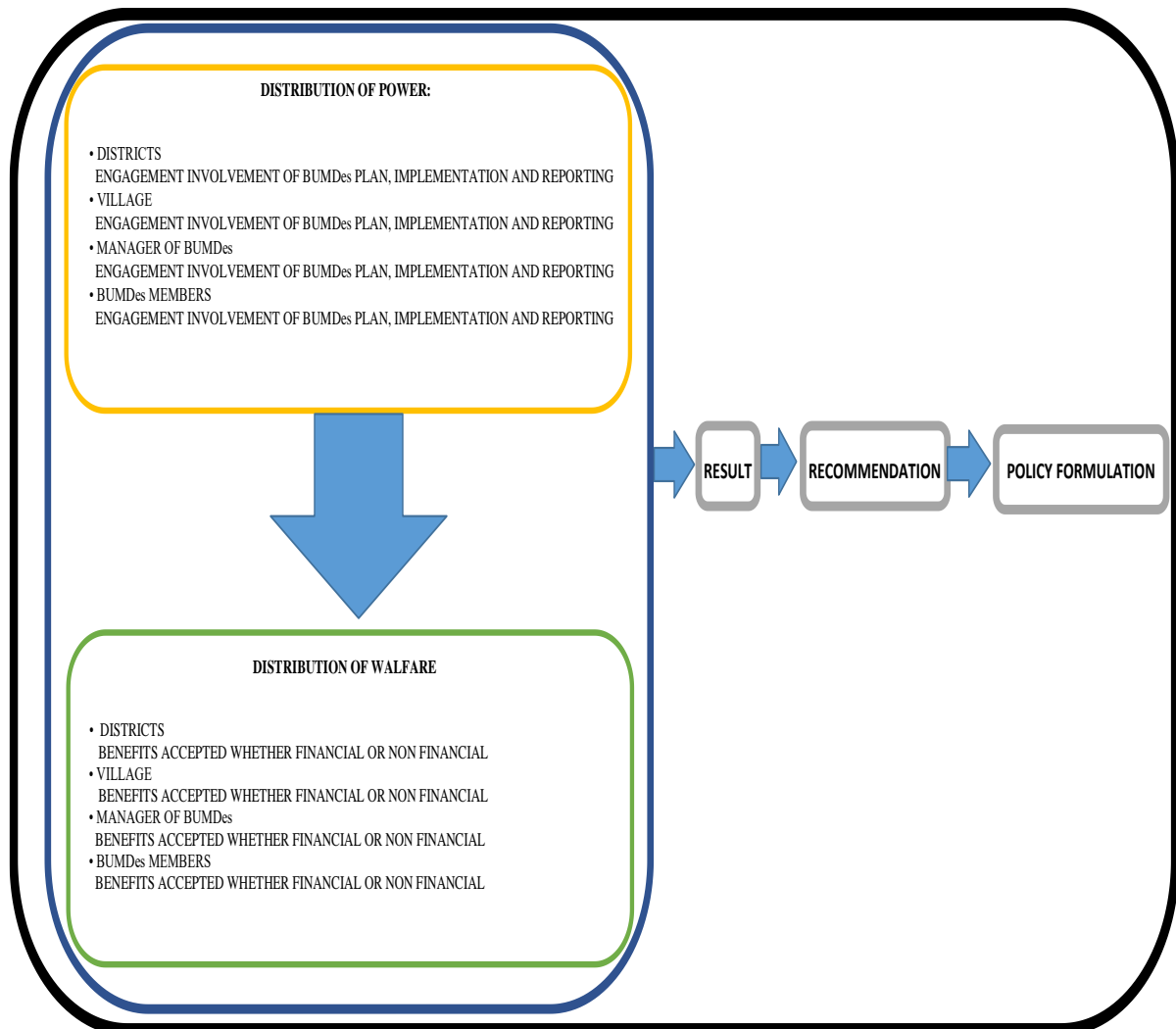


Figure 2: Performance Appraisal Model as a Basis for Policy Formulation

Image Caption 2:

1. The BUMDes performance appraisal model includes aspects of power distribution and welfare distribution aspects. Both aspects will be studied in depth to determine the extent of fairness in its application. The measurement of these two aspects of distribution includes starting at the sub-district level, the BUMDes management village and BUMDes members. The type of activity to measure the distribution of power is the extent of the involvement of each level of planning activities (both

- financial plans and activity plans), implementation of BUMDes activities, and all BUMDes activity reporting. While the welfare distribution aspects at all levels, measured by the benefits they receive both financial and non-financial.
2. The next step is the result of the activity in step number one. This result is a synthesis of data analysis in step number one. If the data on information in information no. 1 has been analyzed and discussed, it will be an input to make recommendations to the stakeholders.
 3. Recommendations are a suggestion as one of the considerations by the district government to formulate a policy specifically related to BUMDes. Giving these recommendations was formulated after an evaluation of the BUMDes performance was carried out. Recommendations are made based on the results of performance assessments from BUMDes.
 4. Policy formulation is one of the activities carried out by the district government to formulate a policy. This policy formulation was formulated based on the recommendations received related to BUMDes. Academic texts prepared as a forerunner to the birth of legal mandatory policy formulation based on the recommendations that have been received. Therefore, there is a close relationship between the recommendations received by the district government and the resulting policy formulations.

CONCLUSION

BUMDes is a relatively new village institution. BUMDes is the frontline expected by the government in order to improve the welfare of rural communities through empowering rural communities. Ironically, in general, BUMDes performance is still not as expected. Many parties caused the BUMDes performance to be poor. In strata, the parties involved either directly or indirectly in the management of BUMDes, the authors identify starting from the district level, village level, BUMDes management and BUMDes members. To make a BUMDes better, a comprehensive and integrated concept is needed and consider aspects of the distribution of power and welfare in engineering a BUMDes performance evaluation model. Based on the concept of performance appraisal, information will be obtained related to the results of BUMDes performance appraisal. The results of the BUMDes performance assessment are followed up by making a recommendation for the district government. Before formulating a policy specifically related to BUMDes, the district government prepared an academic paper whose main material was recommendations related to BUMDes performance. With a model like the one I made, a policy issued specifically related to BUMDes will be more effective.

SUGGESTION

For the future, this research is important, especially regarding BUMDes performance evaluation. The approach used in this study can be applied to different industries besides BUMDes. This study will be better if it is focused on just one industry so that it becomes more in-depth, besides that each industry has different characteristics. In performance appraisal, as stated in this study, it is not only assessed from the financial aspect, but also from the non-financial aspect (Cumby and Conrod,

2001; Kannan and Aulbur, 2004). It is recommended for future research to be further developed with relevant aspects. Disclosure of aspects of power and welfare is more fairly expressed, especially relating to the regulator. The phenomenon of BUMDes performance appraisal is a reality, this reality must be built socially and to understand social reality requires knowledge (Berger and Luckmann (1990: 28).

District governments as regulators, it is necessary to consider aspects of Leadership, Strategic Planning, Customer Focus, Measurement, analysis, and knowledge management, Workforce Focus, Operation Focus, and Results as well as aspects of power, welfare and hegemony of parties related to BUMDes in BUMDes performance assessment. The expectation of researchers, taking into account the above aspects, BUMDes performance evaluation becomes more comprehensive and fairer. Thus the recommendations made and the policies of the district government taken are of higher quality.

REFERENCES

- Apriyanto G. 2015. Analisis Kritis Kinerja Dana Pensiun: Sebuah Kajian Dalam Perspektif *Political Economy of Accounting*. Penelitian Disertasi Doktor. LPPM Unmer Malang.
- Bapemas Provinsi Jawa Timur h.4 tahun 2006 *Maksud dan Tujuan didirikan Bumdes*. Surabaya : Bapemas Provinsi Jawa Timur
- Bank Dunia. 2014. Kajian Kebijakan Pembangunan 2014: Indonesia: Menghindari Perangkap. Jakarta.. @ *World Bank*.
- Berger, P. L. dan Luckman T. 1990. *Tafsir Sosial atas Kenyataan: Risalah tentang Sosiologi Pengetahuan* (diterjemahkan dari buku asli *The Social Construction of Reality* oleh Hasan Basari). Jakarta: LP3ES.
- Biro Dana Pensiun 2015. *Laporan Tahunan Dana Pensiun*. Jakarta. Biro Dana Pensiun, Bapepam L-K, Kementerian Keuangan Republik Indonesia.
- Creswell, J.W. 1998. *Qualitative Inquiry and Research Design: Choosing among Five Tradition*. London: Sage Publications.
- Creswell. J. W. 2003. *Educational Research. Planning, Conducting, and Evaluating Quantitative and Qualitative Reserach*, Second Edition. New Jersey: Pearson Merrill Prentice Hall.
- Cumby, J. dan Conrod, J. 2001. Non Financial Performance Measures in The Canadian Biotechnology Industry. *Journal of Intellectual Capital*. Vol 2 No 3, pp 261-271.
- Dooley, L. M. 2005. Case study research and theory building. *Advances in Developing Human Resources*, 4(3), 335-354, <http://www.proquest.umi.com> diakses pada 12 Januari 2013.
- Hancock, D. R dan Algozzine, B. 2006. *Doing Case Study Research*. New York. Teacher College Press.
- Hoogvelt, A dan Tinker, A. M. 1978. The Role of Colonial and Post Colonial States in Imperialism-a Case Study of the Sierra Leone Development Company, *The Journal of Modern African Studies* 16 (1):67-79.

- Irianto, G. 2004b, A Critical Enquiry into Privatization of State-Owned Enterprises: The Case of PT Semen Gresik (Persero) Tbk, Phd Thesis, Departement of Accounting and Finance, University of Wollongong, Australia.
- Irianto, G. 2006. Dilema "Laba" dan Rerangka Teori Political Economy of Accounting (PEA), *TEMA* 7 (2): 141-53.
- Irianto, G. 2004. Industri Semen di Indonesia: Ekspansi, Perangkap Utang (debt trap), dan Kepemilikan, *Lintasan Ekonomi*, Vol. XXI, No. 1, 1-12.
- Kannan G. dan Aulbur W. G. A. 2004. Intellectual Capital, Measurement Effectiveness. *Journal of Intellectual Capital*. Vol 5 No 3, pp 389 - 413.
- Lincoln, Y.S. dan Guba, E.G. 1985. *Naturalistic Inquiry*. Beverly Hills: Sage Publication.
- Mason, J., 1996. *Qualitative Research*, London, Sage Publications.
- Muhammad. I. 2009. *Metode Penelitian Ilmu Sosial*. Yogyakarta : Erlangga.
- Neimark M. dan Tinker T., 1986, The Social Construction of Management Control System, *Accounting, Organization and Society*, Vol. 11 No. 4 Pp 369-395.
- OECD. 2015. *Survei Ekonomi OECD INDONESIA*. Indonesia. Originally published by the OECD in English and in French under the titles: OECD Economic Surveys: Indonesia 2015. Étude économiques de l'OCDE.
- Riza. Y. 2003. *Pengaruh Keadilan Distributif, Keadilan Prosedur, Komitmen terhadap Tujuan, dan Motivasi terhadap Kinerja Manajerial dalam Penyusunan Anggaran*. Simposium Nasional Akuntansi VI: 707-719.
- Stake, R. E. 2005. Case Study Methods in Educational Research: Seeking Sweet Water. In R. M. Jaeger (Ed.) *Complementary methods for research in education, 2nd Edition* (pp, 401-414). American Educational Research Association: Washington, DC.
- Surat Keputusan Gubernur Jawa Timur nomor 188 Tahun 2005. *Program Gerakan Terpadu Pengentasan Kemiskinan (Gerdu-Taskin)*. Surabaya : Sekretariat Provinsi
- Tinker, T., Merino, B and Neimark M. (1982), The Normative Origins of Positive Theories: Ideology and Accounting Thought, *Accounting, Organizations and Society*, 7, 2: 167-200.
- Tinker T, 1980, Towards A Political Economic Of Accounting: An Empirical Illustration Of The Cambridge Controversies, *Accounting, Organization and Society*, Vol. 5 No. 1 Pp. 147-160.