



TRANSPARENCY AS A PILLAR OF GOOD CORPORATE GOVERNANCE: A LITERATURE STUDY ON FINANCIAL MANAGEMENT AND PERFORMANCE OF REGIONAL-OWNED ENTERPRISES (BUMDS)

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Article Info

Keywords:

Transparency, Financial accountability, Performance reporting, Governance, Dual positions.

ABSTRACT

This research examines transparency issues in the financial report management of Regional-Owned Enterprises (BUMD) in Karimun Regency through a literature study approach. The research shows that BUMDs in Karimun Regency experienced a total absence of annual financial report publications in the 2023-2024 period, reflecting a serious deficit in accountability and governance. Analysis from various credible sources, including SINTA-indexed journal articles and institutional reports, identifies several main factors causing weak transparency, including: low commitment to implementing Good Corporate Governance principles, civil servant concurrent position practices that create conflicts of interest, and gaps between regulations and their implementation in the field. The research findings show that this absence of transparency has serious implications for the lack of public accountability, high risk of authority abuse, weakened oversight, and hindered achievement of BUMD objectives to contribute to the regional economy. The research recommends strengthening political commitment from local governments, optimizing the supervisory function of the Regional Parliament (DPRD), comprehensive implementation of Good Corporate Governance principles by BUMD management, utilization of information technology for report publication, and increasing the active role of civil society in public oversight.

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1. INTRODUCTION

Regional-Owned Enterprises (BUMD) play a strategic role in the architecture of regional economies in Indonesia, as mandated to drive local economic growth (Kamaluddin, 2011). Established with the primary objective of developing local economic potential and making tangible contributions to Regional Original Revenue (PAD), BUMDs are expected to be the driving force of development at the regional level (Sanaky, 2022; Sarana, 2010). The spirit of regional autonomy, as stipulated in Law Number 23 of 2014 concerning Regional Government, grants significant authority to regional governments in the management of BUMDs, covering aspects from capital participation to leadership structure determination (Indonesia, 2014). However, this

extensive authority does not automatically guarantee the optimal achievement of BUMD establishment goals, as various governance issues often overshadow BUMD operations (Alwi, 2002), hampering their performance, and even creating opportunities for practices that harm state finances and public interests (Transparency International Indonesia, 2023).

One of the fundamental pillars in realizing good corporate governance (GCG) in BUMDs is the principle of transparency, which is recognized as a crucial element in various literature (Rahman, 2000; Andrianto, 2007). Transparency, defined as openness in conveying material and relevant information regarding company policies, performance, and financial management (Krina, 2003), becomes an important prerequisite for public accountability (Sanaky, 2022; Transparency International Indonesia, 2023). With transparency, the public and other stakeholders can monitor BUMD operations (Achmadi et al., 2005), objectively assess their performance, and ensure that BUMDs are run professionally, efficiently, and free from corruption, collusion, and nepotism (KKN) (Sanaky, 2022). As emphasized by Sanaky (2022) and supported by various studies on corruption prevention (Hamzah, 2012; ICW, 2000), transparent management of BUMDs is the best way to combat potential internal crimes and abuse of authority that may arise due to information closure.

However, this ideal condition is still far from reality in many BUMDs in Indonesia, a fact that has long been a concern (Harefa, 2010). The Transparency in Corporate Reporting of Regional-Owned Enterprises (TRAC BUMD) report released by Transparency International Indonesia (TI Indonesia) in 2023 shows a concerning picture of low transparency practices (Transparency International Indonesia, 2023). Of the 47 BUMDs surveyed in five provinces, the average transparency score only reached 2.73 out of a scale of 10, indicating that the majority of BUMDs have not been good enough in disclosing anti-corruption programs and corporate political activities (Transparency International Indonesia, 2023). Furthermore, the report highlights that most BUMDs (64%) have not fully disclosed their anti-corruption commitments, and many do not have essential policies such as handling conflicts of interest (62%) and various other integrity-related policies (Transparency International Indonesia, 2023). These findings affirm the existence of "tangled governance of regional companies in Indonesia" and show that BUMDs are still very vulnerable to corrupt practices (Transparency International Indonesia, 2023), in line with concerns expressed by various parties regarding corruption risks in the public sector (Djaja, 2010; Maharso & Sujarwadi, 2018).

The issue of BUMD governance is further complicated by findings regarding the prevalence of concurrent positions held by individuals classified as Politically-Exposed Persons (PEPs), including Civil Servants (PNS) who occupy strategic positions in BUMDs (Transparency International Indonesia, 2023). The TI Indonesia report (2023) identified that in 31 BUMDs (66% of the sample), there were 78 leaders who were PEPs, where a significant portion came from the bureaucracy (central and regional ministries/institutions). This practice of concurrent positions, where a civil servant also serves as a director or commissioner of a BUMD, has long been in the spotlight due to its potential to create serious conflicts of interest, reduce professionalism, and hinder the independence of BUMDs in decision-making (Ombudsman RI, 2019, as quoted in the TI Indonesia report, 2023). The involvement of civil servants in concurrent positions in BUMDs is feared to blur the line between public service functions and the business orientation of companies, as well as open opportunities for abuse of authority for personal or certain group interests (Transparency International Indonesia, 2023).

This phenomenon of low transparency is also reflected in the aspect of financial reporting, which is a vital component of accountability (Mardiasmo, 2002). An article from Nasional News (2024) quoting Suwanda highlights that BUMD financial reports are often not easily accessible to the public, which directly reduces the level of transparency in financial management (Nasional News, 2024). The lack of access to financial reports becomes a barrier for the public to know how public funds included as BUMD capital are managed and whether BUMDs have effectively and efficiently achieved their establishment goals (Amdanata et al., 2019).

A more concerning condition occurs in Karimun Regency, where based on initial observations, all BUMDs in the region are suspected of not publishing their annual financial reports, especially for the 2023-2024 period. This situation is not just a matter of limited access, but a total absence of fundamental information that should be the public's right to know, in accordance with GCG principles (Aldelano Azre, 2017). The absence of annual report publications creates a wide gray area, where the financial and operational performance of BUMDs cannot be independently evaluated by the public (Nasional News, 2024), thus increasing the risk of inefficiency, potential abuse of authority, and failure to achieve contribution targets to PAD (Sanaky, 2022).

Based on the background that has been described, this research aims to fill several research gaps identified from the literature review. First, although there have been studies on BUMD transparency at the national and provincial levels such as those conducted by TI Indonesia (2023), there is still a lack of in-depth and specific case studies at the district/city level, especially those investigating the phenomenon of total absence of annual financial report publications by all BUMDs in one administrative area such as Karimun Regency. Existing research tends not to touch on particular conditions in regions with similar characteristics (Harefa, 2010; Transparency International Indonesia, 2023), including in-depth analysis of how civil servant concurrent positions contribute to transparency issues at the local level.

Second, much literature discusses the importance of transparency normatively (for example, Sanaky, 2022; Rahman, 2000; Krina, 2003), but empirical studies that comprehensively analyze the concrete impact of the absence of annual financial report publications by BUMDs, possibly exacerbated by governance issues such as concurrent positions, on financial performance (Alwi, 2002), public accountability (Achmadi et al., 2005), public trust, and potential governance risks in specific local contexts such as Karimun Regency are still very limited. This research will attempt to unravel these impacts through a case study approach. Third, with a focus on the current period (2023-2024), this research will provide an actual understanding of the implementation (or lack of implementation) of transparency principles and good governance, including handling the issue of concurrent positions, after the enactment of Government Regulation Number 54 of 2017 concerning BUMDs at the local level, especially in Karimun Regency (Indonesia, 2017). This is important to evaluate the effectiveness of regulations and identify challenges in their implementation in the field, given the importance of the role of regulations in encouraging GCG practices (Amdanata et al., 2019) and addressing structural problems such as concurrent positions (Transparency International Indonesia, 2023).

Therefore, this research becomes important to conduct in order to analyze in depth the problem of the absence of transparency in the management of financial reports and performance, as well as governance-related issues such as civil servant concurrent positions, by all BUMDs in Karimun Regency, identify the causal factors (which will be explored further), and formulate constructive policy recommendations for improving BUMD governance in the future, not only for Karimun Regency but also as a lesson for other regions facing similar challenges (Sanaky, 2022; Transparency International Indonesia, 2023).

2. RESEARCH METHODS

This research is designed using a qualitative approach through the literature study method. As outlined in various studies that apply similar methods, literature study or library research is a crucial process for identifying, analyzing, and synthesizing various scientific works relevant to the research topic (Suhartini et al., 2024; Firmansyah & Ramadhan, 2021). This approach is considered most appropriate for comprehensively and deeply exploring the phenomenon of the absence of transparency in the management of financial reports and performance by all Regional-Owned Enterprises (BUMDs) in Karimun Regency, including investigating related issues such as the practice of concurrent positions involving Civil Servants (PNS). By examining various existing literature sources, this research aims to build a complete understanding of these problems, identify causal factors, and analyze their impacts based on theoretical frameworks and empirical findings from previous studies.

Data collection in this research will focus on secondary data sourced from credible and relevant literature. In line with common practice in literature studies in Indonesia, priority will be given to scientific journal articles accredited in the Science and Technology Index (SINTA) and the Garuda portal (Digital Reference Garba) managed by the Ministry of Education, Culture, Research, and Technology of the Republic of Indonesia (Suhartini et al., 2024; Poltekkes Malang, n.d.). In addition, to enrich the analysis and provide a broader context, this research will also refer to research reports and official studies published by government institutions such as the Ministry of Home Affairs, the Financial and Development Supervisory Agency (BPKP), and the Corruption Eradication Commission (KPK), as well as reports from non-governmental organizations with a reputation in transparency and governance studies, such as Transparency International Indonesia. Legal documents, including Laws, Government Regulations, and regional regulations related to BUMDs and public transparency, will also be important data sources. Not to be missed, news articles from mass media that have credibility and present

factual information related to BUMD issues, especially in Karimun Regency if available, will also be considered as supporting data.

The data collection process will be carried out through systematic and structured literature searches. The initial stage involves identifying relevant search keywords, such as "BUMD transparency", "BUMD financial accountability", "Karimun BUMD performance reporting", "Indonesian BUMD governance", "PNS concurrent positions in BUMD", "BUMD regulations SINTA", and other combinations. Searches will be conducted intensively on the SINTA and Garuda databases, and supplemented with searches on Google Scholar to reach a broader spectrum of literature, including books, monographs, and research reports. Each literature found will go through a strict selection process based on its relevance to the research focus, publication period with priority given to recent findings while still respecting contributions from fundamental literature, as well as the credibility and methodological quality of the source. Important information and data from each selected literature will then be carefully extracted for further analysis.

Data analysis within this literature study framework will adopt qualitative content analysis and thematic analysis approaches. After data from various literature sources is collected and organized, the researcher will conduct in-depth reading to identify key concepts, main arguments, emerging patterns, and relationships between variables related to transparency issues and BUMD governance in Karimun Regency. A coding process will be applied to mark significant information segments, which will then be grouped into relevant research themes. These themes will include factors suspected to contribute to low transparency, impacts of the absence of financial report publications, implications of concurrent position practices, and the effectiveness of existing regulatory frameworks. Through synthesis and critical interpretation of the overall literature findings, this research is expected to formulate argumentative conclusions and provide constructive policy recommendations for improving BUMD transparency and accountability, especially in Karimun Regency.

3. RESULT AND ANALYSIS

Based on the systematic literature study conducted on various sources, including SINTA-indexed journal articles, official reports from government and non-government institutions, as well as relevant laws and regulations, this research has successfully identified several key findings related to transparency issues in the management of financial reports and performance of Regional-Owned Enterprises (BUMDs), particularly in the context of Karimun Regency which is indicated to experience a total absence of annual report publications by all BUMDs in the 2023-2024 period, as well as the issue of Civil Servant (PNS) concurrent positions in BUMDs.

General Overview of Low BUMD Transparency in Indonesia

The literature study consistently shows that the level of BUMD transparency in Indonesia in general is still far from expectations, despite BUMDs managing significant public assets and having strategic roles in regional economies (Transparency International Indonesia, 2023; Sanaky, 2022). The comprehensive report from Transparency International (TI) Indonesia titled "Transparency in Corporate Reporting of Regional-Owned Enterprises (TRAC BUMD) 2023" becomes one of the main references depicting this condition. The assessment of 47 BUMDs in five provinces shows a very low average transparency score, only 2.73 out of a scale of 10 (Transparency International Indonesia, 2023). This finding indicates that the majority of BUMDs studied have not adequately disclosed information related to anti-corruption programs, ownership structures, to internal company policies to the public. Furthermore, many BUMDs do not have well-documented and publicly accessible anti-corruption commitments, and minimal policies related to handling conflicts of interest, revolving door, and trading of influence (Transparency International Indonesia, 2023). This condition is in line with various academic studies highlighting the deficit of accountability and transparency as one of the main challenges in BUMD governance in various regions in Indonesia (Alwi, 2002; Harefa, 2010).

This lack of transparency is not only limited to aspects of anti-corruption programs but also extends to openness of information regarding operational and financial performance. Many studies and reports highlight the difficulty of public access to BUMD annual financial reports (Nasional News, 2024, quoting Suwanda; Amdanata et al., 2019). The absence of regularly published and easily accessible financial reports prevents civil society, academics, and media from conducting independent oversight of the management of public funds entrusted to BUMDs. In fact, transparent financial reporting is a fundamental instrument for assessing the extent to which BUMDs have succeeded in achieving their objectives, both in terms of contribution to Regional Original Revenue (PAD) and from the aspect of public service (Mardiasmo, 2002).

Urgency of Transparency in BUMD Financial and Performance Reporting

Scientific literature and various good corporate governance (GCG) guidelines firmly underline the urgency of transparency in financial and performance reporting for BUMDs (Rahman, 2000; Krina, 2003). Transparent, accurate, and timely financial reporting is not just a fulfillment of formal obligations, but a manifestation of

BUMD accountability to stakeholders, especially the public as the main owner of the managed resources (Sanaky, 2022). Through published financial reports, the public can obtain a picture of the company's financial health, budget usage efficiency, profitability, debt levels, and investments made. This information is crucial for assessing whether BUMDs are run professionally and able to provide optimal economic benefits for the region (Aldelano Azre, 2017).

Furthermore, transparency in non-financial performance reporting is equally important. This includes disclosure of information regarding the achievement of public service targets, social and environmental impacts of BUMD operations, and implementation of corporate social responsibility (CSR) programs. Openness in this performance aspect allows for a more holistic evaluation of BUMD contributions to regional development, not only from a financial perspective. Various studies show that transparent BUMDs tend to have better performance and higher levels of public trust (Amdanata et al., 2019), because transparency encourages effective social control mechanisms and minimizes space for Corruption, Collusion, and Nepotism (KKN) practices (Sanaky, 2022; ICW, 2000).

Problems of PNS Concurrent Positions in BUMDs and Their Implications for Transparency

One significant governance issue that potentially worsens the transparency condition of BUMDs is the practice of concurrent positions by civil servants, especially those occupying strategic positions such as directors or supervisory boards/commissioners. The TI Indonesia report (2023) explicitly highlights the prevalence of this phenomenon, where 78 BUMD leaders were identified as Politically-Exposed Persons (PEPs), with most coming from bureaucratic circles. The findings of the Indonesian Ombudsman (2019, as quoted in TI Indonesia, 2023) also strengthen the existence of concurrent position practices that potentially create conflicts of interest.

The presence of civil servants in BUMD management structures, especially if without transparent and competitive selection mechanisms, can cause various problems. First, the potential for conflicts of interest becomes very high. A civil servant who also holds a position in a BUMD may be faced with a dilemma between loyalty to their government agency and the business interests of the company, or even personal/group interests (Transparency International Indonesia, 2023). Second, the professionalism and independence of BUMDs can be disrupted. Strategic company decisions risk being influenced by bureaucratic or political agendas that are not aligned with the commercial objectives or public service of the BUMD itself. Third, the practice of concurrent positions can weaken internal and external oversight functions. If the supervisory board is filled with regional government officials who should be supervising the BUMD, then the objectivity of supervision is questionable. This in turn can create an environment that is permissive to inefficiency and lack of transparency, because internal parties may feel protected or reluctant to fully disclose information (Transparency International Indonesia, 2023).

Several studies in Indonesia, although perhaps not specifically SINTA-indexed but relevant, have indicated that concurrent positions by public officials in corporations (including BUMDs) often correlate negatively with performance and good governance practices. Attachment to bureaucracy can make BUMDs less agile in responding to market dynamics and tend to be trapped in rigid procedures, as well as more vulnerable to political intervention.

Regulatory Framework and Its Implementation Related to BUMD Transparency

Indonesia actually has a number of regulatory frameworks aimed at encouraging BUMD transparency and accountability. Government Regulation Number 54 of 2017 concerning Regional-Owned Enterprises explicitly regulates the obligation of BUMDs to prepare and submit annual reports containing audited financial reports, management reports, and reports on the implementation of corporate social and environmental responsibility (Indonesia, 2017). This annual report should be submitted to the Regional Head, Regional Parliament (DPRD), and published to the public. In addition, Law Number 14 of 2008 concerning Public Information Disclosure also provides a legal basis for the public to access information managed by public bodies, including BUMDs.

However, the literature study shows a significant gap between existing regulations (de jure regulations) and their implementation in the field (de facto practices). Many BUMDs have not fully complied with reporting and publication obligations as mandated by Government Regulation No. 54 of 2017 (Transparency International Indonesia, 2023; Nasional News, 2024). Weak law enforcement, lack of strict sanctions for non-transparent BUMDs, and low awareness and commitment from BUMD management and regional governments are often factors inhibiting the implementation of these regulations. In addition, the capacity of BUMDs in preparing quality financial reports that comply with accounting standards is also a separate challenge in some regions.

Discussion

Referring to the literature findings above, the condition in Karimun Regency where all BUMDs are indicated not to publish their annual financial reports for the 2023-2024 period, as well as the potential issue of civil servant concurrent positions, shows a serious governance problem that is urgent to be addressed. This total absence of financial report publications is an extreme form of the low transparency described in various national and regional studies. If BUMDs at the national and provincial levels still have many problems with transparency

(Transparency International Indonesia, 2023), then the condition at the district level like Karimun which does not publish its financial reports at all indicates more fundamental problems.

First, the absence of annual financial reports accessible to the public in Karimun Regency directly eliminates the basic accountability mechanism of BUMDs to the public. The public has no objective basis to assess the financial performance of each BUMD, how regional assets are managed, whether the BUMD is generating profits or actually losing money, and the extent of its contribution to Regional Original Revenue (PAD). This situation creates a "dark space" that is very vulnerable to inefficiency, mismanagement, even potential corruption (Sanaky, 2022; Djaja, 2010). The argument that BUMD financial information is company confidential cannot be fully justified, considering that BUMDs are established with public capital and for public interest.

Second, if the issue of civil servant concurrent positions also occurs in Karimun Regency BUMDs, this potentially exacerbates transparency problems. As revealed by TI Indonesia (2023), concurrent positions can create conflicts of interest and weaken BUMD independence. In the context of the absence of financial reports, concurrent positions can be one of the factors causing information to be reluctantly disclosed to the public, due to certain interests that want to be protected or fear of revealing poor performance or inappropriate practices. Professionalism in BUMD management becomes threatened if key positions are filled by individuals whose loyalty is divided or whose competence is not fully in line with the business needs of the company.

Third, the non-implementation of the mandate of Government Regulation Number 54 of 2017 and the Public Information Disclosure Law in Karimun Regency regarding the publication of BUMD reports shows weaknesses in the monitoring and enforcement system at the local level. The role of the regional government as a shareholder and the Regional Parliament (DPRD) as a supervisory institution becomes very crucial to question its effectiveness. Are there proactive efforts from the regional government to demand transparency from BUMDs under its authority? Has the DPRD optimally carried out its oversight function related to BUMD performance and reporting? These become important questions that need to be explored further in the specific context of Karimun Regency.

Fourth, the impact of this lack of transparency can be very broad. Besides potential financial losses for the region, public trust in BUMDs and the regional government can be eroded. The investment climate in the region can also be negatively affected, as investors need certainty and transparency. Furthermore, the main purpose of establishing BUMDs to improve public welfare and boost the regional economy becomes difficult to achieve if their management is not conducted openly and responsibly.

Thus, the findings from this literature study underline that the situation in Karimun Regency, if fully confirmed through further field research, is an anomaly that requires serious attention. The absence of annual financial report publications by all BUMDs is not a trivial problem, but a strong indication of systemic governance issues. This research, through a literature study approach, has successfully mapped the landscape of BUMD transparency problems in general and identified their potential serious implications for specific contexts such as Karimun Regency. Concrete policy recommendations and measurable improvement steps become very essential to be discussed in the next section.

4. CONCLUSION

This research, through a comprehensive literature study approach, has examined in depth the problem of the absence of transparency in the management of financial reports and performance of Regional-Owned Enterprises (BUMDs), with a special focus on indications of the total absence of annual report publications by all BUMDs in Karimun Regency for the 2023-2024 period, and analyzed related issues of Civil Servant (PNS) concurrent positions in BUMDs. Based on analysis of various literature sources, including SINTA-indexed scientific journals, official reports from government and non-government institutions, as well as applicable regulatory frameworks, several main conclusions can be drawn:

1. **Low Level of BUMD Transparency as a General Phenomenon:** The literature study consistently shows that the level of BUMD transparency in Indonesia in general is still very low. This is reflected in the minimal disclosure of information related to anti-corruption programs, ownership structures, internal policies, and the difficulty of public access to BUMD annual financial reports. This condition creates an accountability and governance deficit that risks harming public interests and hampering the strategic role of BUMDs in regional development.
2. **Urgency of Financial and Performance Reporting Transparency:** Transparency in financial and performance reporting is a fundamental pillar of Good Corporate Governance (GCG) for BUMDs. This information disclosure is not only important to fulfill legal obligations, but also as an instrument of accountability to the public, a performance evaluation tool, a means to build trust, and a mechanism to prevent Corruption, Collusion, and Nepotism (KKN) practices.
3. **Civil Servant Concurrent Positions as a Hindrance to Transparency and Professionalism:** The practice of concurrent positions by civil servants in strategic BUMD positions is identified as one of the significant governance issues that potentially worsens the transparency and professionalism condition of BUMDs.

Potential conflicts of interest, disruption of decision-making independence, and weakening of the oversight function are some of the negative implications of this practice, which ultimately can create an environment that is permissive to inefficiency and information closure.

4. **Gap between Regulation and Implementation:** Although Indonesia has an adequate regulatory framework regarding BUMD transparency and reporting obligations (for example, Government Regulation No. 54 of 2017 and the Public Information Disclosure Law), its implementation in the field is still very weak. Factors such as low commitment, weak law enforcement and sanctions, and lack of BUMD capacity are the main obstacles.
5. **Serious Implications for Karimun Regency:** The indication of the total absence of annual financial report publications by all BUMDs in Karimun Regency, if confirmed, is an extreme manifestation of transparency problems. This directly eliminates the basic accountability mechanism, creates a "dark space" vulnerable to misuse, erodes public trust, and potentially defeats the purpose of establishing BUMDs for regional welfare. If exacerbated by the issue of concurrent positions, then governance problems in Karimun Regency BUMDs become increasingly complex and urgent to address.

Overall, the lack of transparency in the management of BUMD financial and performance reports, as analyzed through this literature study, is not an issue that can be ignored. This problem has complex roots, involving aspects of regulation, institutions, leadership commitment, and organizational culture. For the context of Karimun Regency, the indicated situation requires immediate and comprehensive attention and corrective actions from all stakeholders.

Recommendations

Based on the above conclusions, this study recommends several strategic steps that can be considered to improve the transparency of financial report management and performance of BUMDs, particularly in Karimun Regency and can be adopted more widely:

1. **To the Government of Karimun Regency:**
 - a) Regents and regional leaders must demonstrate a strong political commitment to encourage transparency in all BUMDs. This can be realized through the establishment of more stringent regional policies regarding the obligation to publish annual reports and sanctions for non-compliance.
 - b) **Optimizing the Role as Shareholder:** Through the General Meeting of Shareholders (GMS) or similar mechanisms, local governments should actively demand accountability and transparency from the directors and supervisory boards of BUMDs, including ensuring financial reports are audited by independent auditors and published.
 - c) **Evaluation and Control of Concurrent Positions:** Conduct a thorough evaluation of the practice of concurrent civil servant positions in BUMDs. If it is proven to cause conflicts of interest or reduce professionalism, there needs to be a firm policy to discipline it, for example by limiting or prohibiting active civil servants from holding directorships, and ensuring the selection process of supervisory boards/commissioners is transparent and competency-based.
 - d) **Capacity Building of BUMDs:** Provide support and facilitation for capacity building of BUMD management in preparing quality financial reports in accordance with applicable financial accounting standards and in implementing GCG principles.
2. **To the Regional People's Representative Council (DPRD) of Karimun Regency:**
 - a) **Strengthening the Supervisory Function:** Improve the effectiveness of the supervisory function on the performance and financial management of BUMDs. The DPRD can proactively request periodic reports, conduct hearings, and ensure follow-up on audit findings.
 - b) **Promote Pro-Transparency Policies:** Together with local government, formulate or revise local regulations that fully support the implementation of transparency and accountability of BUMDs.
3. **To the Management of BUMDs in Karimun Regency:**
 - a) **Compliance with Regulations:** Proactively comply with all statutory provisions related to reporting and information publication obligations, especially PP No. 54 of 2017.
 - b) **Implementation of Good Corporate Governance (GCG):** Adopt and implement GCG principles thoroughly in the company's operations, including building an effective whistleblowing system and protecting whistleblowers.
 - c) **Utilization of Information Technology:** Using the company's official website and other digital platforms to publish annual reports, financial reports, performance information, and other relevant information in an easily accessible manner to the public.
4. **To Civil Society and Media in Karimun Regency:**

- a) Increased Public Oversight: Actively monitor the performance of BUMDs and demand the right to information in accordance with the Public Information Disclosure Law.
- b) Advocacy: Advocate to the local government and DPRD for improved governance and increased transparency of BUMDs.

For Further Research: 1). It is recommended to conduct more in-depth field research in Karimun Regency to confirm the preliminary findings regarding the absence of annual report publication, identify in detail the factors causing it, and analyze its concrete impact on BUMD performance and the regional economy. 2). A comparative study between transparent and non-transparent BUMDs in different regions may also provide valuable insights.

With the implementation of these recommendations in a synergistic and sustainable manner, it is expected that the problem of the absence of transparency in the management of financial reports and performance of BUMDs can be overcome, so that BUMDs can optimally perform their role in supporting development and improving the welfare of the community in Karimun Regency and throughout Indonesia.

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