

## **The Influence of Socialization and Economic Potential on Productivity and Income of Village Owned Enterprises in Seririt District**

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### **ABSTRAK**

Tujuan dari penelitian ini untuk mengetahui dan menganalisis pengaruh sosialisasi dan potensi ekonomi desa terhadap produktivitas dan pendapatan Badan Usaha Milik Desa di Kecamatan Seririt. Data yang dipergunakan dalam penelitian ini adalah data primer, yaitu dengan melakukan penyebaran kuesioner kepada pengelola BUMDes di Kecamatan Seririt. Sampel yang digunakan dalam penelitian ini adalah 11 BUMDes di Kecamatan Seririt, dengan menggunakan teknik penentuan sampel *purposive sampling*. Dengan menggunakan data panel 2014-2017, terdapat 44 sampel. Teknik analisis yang digunakan dalam penelitian ini adalah analisis jalur (*path analysis*). Hasil penelitian menunjukkan bahwa sosialisasi dan potensi ekonomi berpengaruh positif dan signifikan terhadap produktivitas. Hal ini menunjukkan semakin sering mengikuti sosialisasi dan semakin banyak potensi ekonomi yang dimiliki maka akan semakin tinggi produktivitas BUMDes. Sosialisasi dan potensi ekonomi tidak berpengaruh terhadap pendapatan BUMDes. Produktivitas berpengaruh positif dan signifikan terhadap pendapatan BUMDes. Hal ini menunjukkan semakin tinggi produktivitas maka akan meningkatkan pendapatan BUMDes.

**Kata Kunci:** sosialisasi, potensi ekonomi, produktivitas, pendapatan, dan BUMDes.

**ABSTRACT:** The purpose of this study is to find out and analyze the influence of socialization and economic potential of the village on the productivity and income of Village Owned Enterprises in Seririt District. The data used in this study are primary data, namely by distributing questionnaires to managers of BUMDes in Seririt District. The sample used in this study was 11 BUMDes in Seririt District, using purposive sampling technique. By using the 2014-2017 panel data, there are 44 samples. The analysis technique used in this study is path analysis. The results showed that socialization and economic potential had a positive and significant influence on productivity. This shows that the more frequent the socialization and the more economic potential they have, the higher the productivity of BUMDes. Socialization and economic potential do not influence BUMDes income. Productivity has a positive and significant influence on BUMDes income. This shows that the higher the productivity the revenue of BUMDes will increase.

**Keywords:** socialization, economic potential, productivity, income, and BUMDes.

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### **I. INTRODUCTION**

The government of Indonesia has made various development programs to reduce poverty through regional, institutional, and special policy strategies (Prabowo, 2014). The development strategies aim to increase sectoral development equity and society performance, especially in rural areas (Hehamahua, 2015). Development in Indonesia, currently, focuses more on rural and underdeveloped regions by developing independent villages through community empowerment to improve productivity and diversity of rural ventures.

Development model that involves community is called participative development model (Warsono and Ruksamin, 2014). Community participation in rural development arrangement and management can be done according to the village's potential (Diamantina, 2017). The availability of facilities and infrastructures to strengthen production and marketing chains and village resources or potentials optimization are the bases of village economy thus the village could be the backbone of regional economic enhancement. Village plays essential role in national development due the tendency of Indonesian population to live in rural areas thus it could give significant influence in the effort to create rural economic stability (Asni et al., 2013).

According to Prabowo (2015), most poor population in Indonesia lives in rural areas. The form of rural decentralization implementation is village financial management and the utilization of village potential into a

productive village business sector. Village government should carry out its responsibility well and openly (Azlina et al., 2017). The core of rural development is appropriate, optimal, efficient, and effective use of all village's potentials and resources to give safety, convenience, and orderliness, as well as to be able to give prosperity to the villagers (Siagian et al., 2016). The achievement of rural economic development independence is indicated by the ability of village to solve basic needs problem of its residents through its efforts in village development. One of the sources of village original income is village owned enterprises (BUMDes) (Wiagustini, 2017).

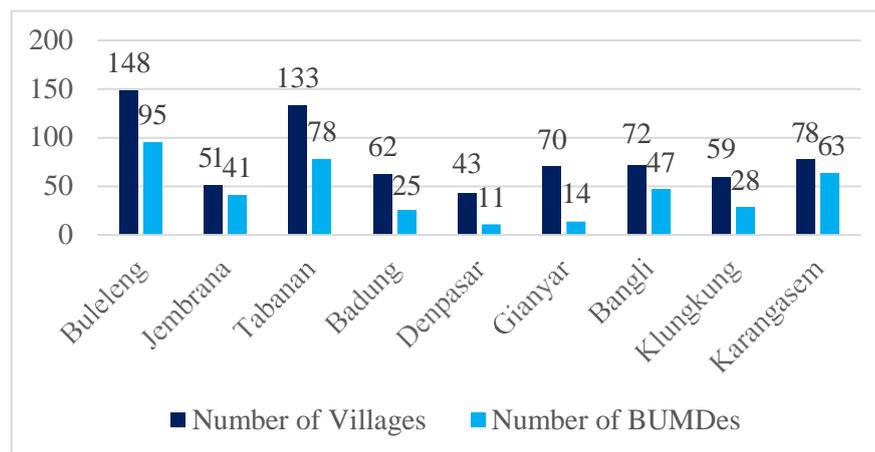
BUMDes is a business unit established by the village government and the villagers to manage the economic sources according to the existing village potentials. BUMDes is a form of community participation and village government institution to be economically active in fulfilling the needs of villagers according to the prevailing legislations. The establishment of BUMDes is vital to solve basic needs problem of the villagers through a wise utilization and maximization of village's economic resources. Rural economic empowerment strategy through BUMDes is one of solutions to improve public welfare by exploring regional potentials (Yudiardi and Nina, 2017).

There are two goals of BUMDes establishment, general and special goals. The general goal is as an effort to coordinate business activities at the village and increase income and economy of the villagers. The special goals are to have the BUMDes to plays role in the increase of village's original income sources, to serve the needs of the villagers, and to help the village government to create public welfare. According to the Regulation of the Minister of Village No. 4/2015 stating that the establishment of BUMDes aims to improve village economy, optimize village asset, improve villagers' business, and create job opportunities as an effort to improve village community welfare through public service improvement and village economic growth and equity.

The presence of BUMDes is in line with the goal of villager independence and creativity improvement to pursue their own welfare. The welfare, in this case, is the order of life and livelihood that materially and spiritually fulfilled. The difference of BUMDes to other economic institutions is in terms of capital that arranged in a policy in which the composition of BUMDes capital consists of village government of 51 percent and community of 49 percent (Budiono, 2015).

Zulkarnaen (2016) stated that the existence of BUMDes is the manifestation of independent and synergize economy of the villagers in creating public welfare and overcome village inequality. The development of BUMDes in Bali Province is intensified to support independent village program in the development of village potential-based business units. The number of BUMDes in Bali Province, based on data from Village Community Empowerment Agency of Bali Province in 2017, is displayed in the following Figure 1.

**Figure 1.**  
**Number of Village Owned Enterprise (BUMDes) in Bali Province in 2017**



Source: Village Community Empowerment Agency of Bali Province, 2017

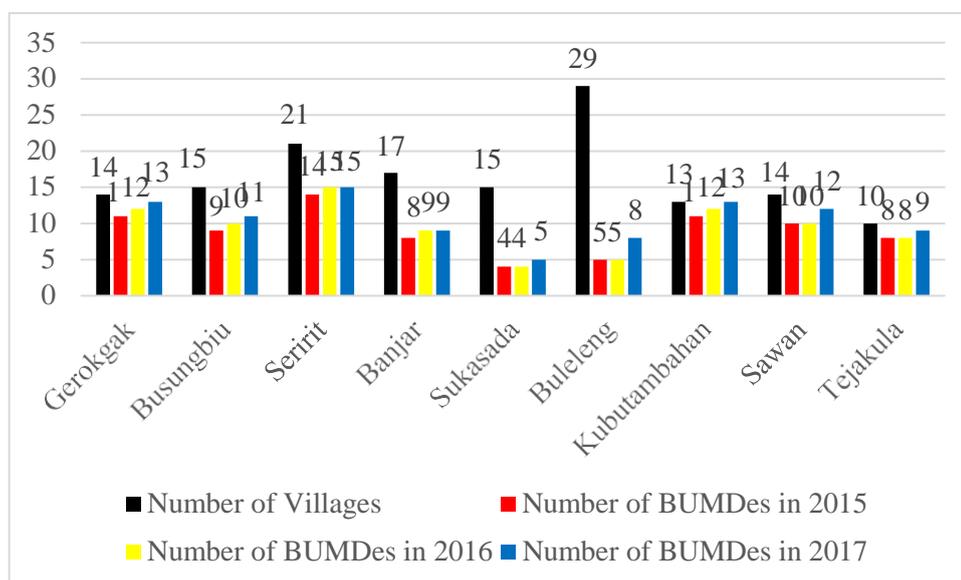
Based on Figure 1, the number of BUMDes in Bali Province in 2017 is 402 with the number of village of 716. Regency with the most number of BEUMDes is Buleleng Regency with 95 BUMDes or 64 percent of the total village in the regency. Tabanan Regency comes second with 78 BUMDes or 59 percent of the total village in the regency. Denpasar city is an area with the lowest number of BUMDes, which is 11 BUMDes or 25 percent of the total village in the city. The high number of BUMDes owned by each regency/city depends on the number of village and the economic potentials that able to be developed by the village into a productive

business and it has a potential to become a developed BUMDes if all resource aspects can be well packaged.

The development of productive business sector in a community and the active role of village officials and the villagers indicate the participation of the village in the success of development programs from the government to achieve independent village for village community welfare. Village community empowerment, especially in the economic field, plays essential role in the community empowerment by changing their mindset to a more advanced direction and to be active in village economic business sectors.

The development of BUMDes in Buleleng Regency is in accordance with the area that has the most number of villages in Bali Province thus it becomes the reference for the government of Buleleng Regency, especially the village government, to have high initiative to develop economic sources or potentials through community participation. In addition, it is the manifestation of the success of independent village program and the improvement of villagers' welfare. Based on the data from the Regional Department of Community and Rural Development of Buleleng Regency (2017), the following Figure 2 indicates data on the number of BUMDes in Buleleng Regency.

**Figure 2.**  
**The Number of Village Owned Enterprise (BUMDes) in Buleleng Regency in 2015-2017**



Source: Regional Department of Community and Rural Development of Buleleng Regency, 2017

Based on Figure 2, the number of BUMDes in Buleleng Regency in 2015- 2017 is increasing. In 2015, the number of BUMDes in the regency distributed in 9 (nine) districts is 80 units and it increases by 85 units in 2016 and 95 units in 2017 or about 64 percent of the number of village in the regency. In 2017, Seririt District is a district with the most number of BUMDes, which is 15 BUMDes or about 71 percent of the total number of village in Seririt District. A district with the lowest distribution of BUMDes is Sukasada District, which is 5 (five) units or about 33 percent of the number of village in Seririt District.

The development of BUMDes has two important points, namely, BUMDes is developed based on economic potentials and village community participation and it runs in accordance with the local product it produced; however it does not become a competitor for community business existed in the village. The system and mechanism of economic organizations in the village cause economy in the village runs ineffectively and it has implications for the dependence on government assistance thus village is less independent (Suriadi *et al*, 2015).

BUMDes plays essential role in economic activities and regional economic development, especially the village. Through business units developed by the BUMDes in trading activities it will help the surrounding communities to be productive and independent as well as capable of producing income sources. BUMDes is also capable of fulfilling its community needs and creating job opportunities for the community as well as contributed to village original income and functioned as stability to strengthen the village autonomy, reduce unemployment, and create an equal and equitable community economic sector.

Income as an addition of business asset has impact on the increase in business owner's wealth and it aims to improve business performance and its employees' welfare (Munandar, 2006). An increase in income has a significant effect on the sustainability of a business since it is used in other productive activities for the village

community welfare and to succeed the independent and productive village programs. Income is an important factor influencing consumption of a good (Sigit, 2006). The less optimum of BUMDes income contribution to village economy is presumed to be related to the efficiency and productivity in BUMDes production process that have not been created (Pratiwi et al., 2014). According to Maharlim (2013), productivity is a relation between result (number of goods and services) and sources (number of manpower, capital, land, energy, and so on) used as a potential in BUMDes development.

According to Kasmir (2006), several factors are required to determine the income of a business, among others: worker productivity against product produced, worker's experience/expertise, market opportunities, and economic potentials. The increase in BUMDes income could be caused by several factors included in external and internal factors. The external factors consist of community economic indicators and community participative indicators, whereas the internal factors consist of socialization, the amount of grant disseminated, managerial performance, and the number of business units developed.

The benchmark of income level received by the BUMDes is productivity produced by the workers in each business unit sector developed by the BUMDes. Productivity is the measurement result of a performance by calculating resources used, including human resources (Schermenharn, 2003; in Marpaung, 2013). Productivity also reflects the success or failure in achieving performance effectiveness and efficiency related to the use of resources against the number of output produced by a business unit. Productivity is a competitiveness determinant of a business unit to other businesses (Szirmai, 1994). In general, factors influencing productivity in a business activity consist of: workers' abilities/skills, environmental situation and condition, motivation, raw materials availability, the number of workers employed, wage level given, and the application of technology in the business activity (Hariadja, 2002).

BUMDes is a relatively new business that should be understood. Not all village officials and the society understand about it; therefore, government role in its socialization and training needs to be optimized so that all villages will have BUMDes. The existence of BUMDes acts as a form of rural economic institutional reinforcement, as an essence of instrument in the utilization of local economic, and to improve village community economic welfare (Hardijono et al., 2014).

Socialization also plays role in increasing BUMDes income. Socialization is where people learn the systems, norms, and behavior expected by a group as a form of transformation of the people from an outsider into an effective organization (Suryaning, 2015). Socialization related to BUMDes is defined as the role of government or related institutions to give understanding, information, and coaching to the society in general and BUMDes administrator in particular on BUMDes management procedures that could increase its income.

In addition, village economic potential also has significant effect on BUMDes income. Village potentials include the power, strength, willingness, and abilities owned by a village that likely to be developed to improve the public welfare (Soleh, 2017). Village economic potential can be differentiated into two, namely: physical potentials in form of land, geographical environmental climate, cattle, and human resources and non-physical potential in form of the condition of the society in general with its characteristics and interaction, social institutions, educational institutions, and village social organization as well as village apparatus.

Economic potentials of BUMDes in Seririt District consist of finance, agriculture, plantation, stockbreeding, fishery, trading, water, and forest. Village economic potential is measured based on the high, medium, and low existence and utilization of village potentials by BUMDes so that the utilization of the potentials could affect the increase in productivity and income produced by the BUMDes.

Based on the background, the research aims to: (1) analyze the direct influence of socialization and economic potential on BUMDes productivity in Seririt District, (2) analyze the direct influence of socialization, economic potential, and productivity on BUMDes income in Seririt District, and (3) analyze the indirect influence of socialization and economic potential on income through BUMDes productivity in Seririt District.

## **II. RESEARCH METHOD**

The research design used quantitative method in associative form. The research was conducted in one location, which was Seririt District, Buleleng Regency, Bali Province. The location was selected since it is a district with the most number of BUMDes in Buleleng Regency. Seririt District has quite developed BUMDes business units.

Socialization (X1) is a process that able to give understanding and good knowledge, both scientifically and technically, on BUMDes development (Suryaning, 2015). In this research, socialization indicators used consisted of socialization benefits, socialization ways, and socialization sustainability measured using Likert Scale. Economic potential (X2) is the economic abilities in the village that can be developed as the livelihood sources by the villagers (Soleh, 2017). In the research, economic potential indicator used was the amount of fixed capital of the BUMDes sourced from APBDes in rupiah unit.

Productivity (Y1) is a comparison between output and input produced in the production process (Maja et al., 2012). Indicators used in the research were the comparison between or division of net income and fixed

capital of the BUMDes. Income (Y2) is proceeds from the sale of goods and services (Heryendi, 2013). In the research, indicators used were total net income per year obtained by the BUMDes in rupiah unit.

In the research, population used was 15 BUMDes in Seririt District. Sampling technique used was purposive sampling by selecting BUMDes that has been established for the last 4 years or more. The number of sample taken was 11 BUMDes. There are four BUMDes excluded from the sample since they have no data for the last four years. The research used panel data determination system by retrieving data to respondents with four years span from 2014 to 2017 thus there were 44 samples.

Data analysis technique used in the research was path analysis technique. The analysis technique is used to test the amount of contribution indicated by path coefficient in every path diagram of causal relationship between independent variables and dependent variable.

Structure I

$$Y_1 = \beta_1 X_1 + \beta_2 X_2 + e_1 \dots \dots \dots (1)$$

Structure II

$$Y_2 = \beta_3 X_1 + \beta_4 X_2 + \beta_5 Y_1 + e_2 \dots \dots \dots (2)$$

### III. RESULT AND DISCUSSION

To formulate structural equation used, data obtained were processed and calculated using SPSS program version 24.0. The analysis result obtained is indicated in Table 1 and Table 2.

**Table 1.**  
**Result of Regression Path Analysis I**

Model	Coefficients			T	Sig
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
(Constant)	-4.397	1.794		-2.451	.019
1 Socialization	.048	.008	.639	5.900	.000
Economic Potential	.209	.088	.257	2.370	.023

a. Dependent Variable: Productivity R<sup>2</sup> = 0,634  
F = 35,469 F sig = 0,000

Source: Processed data, 2018

Based on the result in Table 1, the sub-structural equation 1 is as follows.

$$Y_1 = \beta_1 X_1 + \beta_2 X_2 + e_1$$

$$Y_1 = 0,639X_1 + 0,257X_2 + e_1$$

e<sub>1</sub> (error 1) = 0,605

**Table 2.**  
**Result of Regression Path Analysis 2**

Model	Coefficients			T	Sig
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
(Constant)	11.896	19.326		.616	.542
1 Socialization	.054	.112	.043	.481	.633
Economic potential	.222	.944	.017	.235	.816
Productivity	14.600	1.571	.888	9.292	.000

a. Dependent Variable: Income R<sup>2</sup> = 0.866  
F = 86,391 F sig = 0,000

Source: Processed Data, 2018

Based on the result in Table 2, the sub-structural equation 2 is as follows.

$$Y_2 = \beta_3 X_1 + \beta_4 X_2 + \beta_5 Y_1 + e_2$$

$$Y_2 = 0,043X_1 + 0,017X_2 + 0,888Y_1 + e_2$$

$$e_2 \text{ (error 2)} = 0,366$$

Based on the analysis result of  $e_1$  and  $e_2$ , total determination coefficient can be calculated and the result is as follows.

$$R^2_m = 1 - (e_1)^2 - (e_2)^2$$

$$= 1 - (0,605)^2 - (0,366)^2$$

$$= 0,951$$

The total determination coefficient of 0.951 means that 95.1 percent of variation in income was influenced by model formed by socialization, economic potential, and productivity and the remaining 4.9 percent was influenced by other variable excluded from the model. Based on regression equation I and regression equation II as well as standard estimated error value, a research path diagram can be made as displayed in the following figure 3.

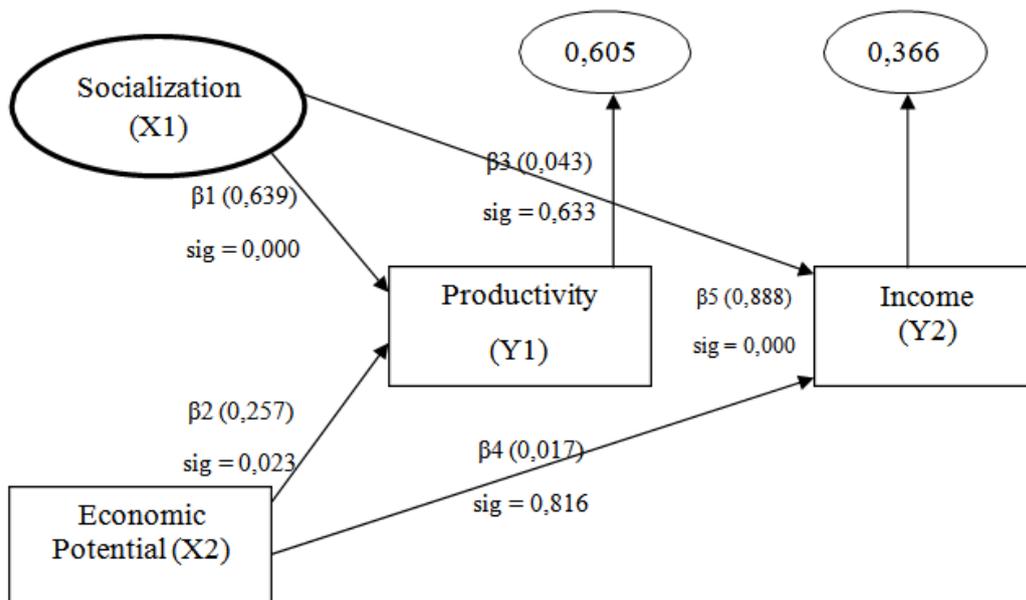


Figure 3. Diagram of Research Path Analysis Result

Source: Processed data, 2018

Based on Figure 3 the direct, indirect, and total effect between the variables can be calculated.

Table 3.  
The Result of Direct, Indirect, and Total Influence between Variables

Variable Relationship	Influence		Total
	Direct	Indirect	
$X_1 \rightarrow Y_1$	0,639	-	0,639
$X_1 \rightarrow Y_2$	0,043	0,567	0,610
$X_2 \rightarrow Y_1$	0,257	-	0,257
$X_2 \rightarrow Y_2$	0,017	0,228	0,305
$Y_1 \rightarrow Y_2$	0,888	-	0,888

Source: Processed Data, 2018

Based on the description in Table 3 it can be seen that the value of direct influence of socialization on productivity was 0.639. The direct influence of economic potential on productivity was 0.257 and the direct

influence of productivity on income was 0.888. The direct influence of socialization on income was 0.043, whereas the direct influence of economic potential on income was 0.017. The indirect influence of socialization on income through productivity was 0.567. The value of indirect influence of economic potential on income through productivity was 0.228.

#### **IV. RESEARCH RESULT DISCUSSION**

##### **The Direct Influence of Socialization on BUMDes Productivity in Seririt District**

Standardized coefficient beta value of 0.043 and significance value of  $0.000 < 0.05$  indicated that  $H_0$  was rejected and  $H_1$  was accepted. Therefore, it can be concluded that socialization had a positive and significant influence on BUMDes productivity in Seririt District. It also means that if socialization increases then the productivity of BUMDes will increase. Socialization is a process that able to give understanding and knowledge, both scientifically and technically, on the purpose and development of BUMDes. Socialization is the role of government to improve BUMDes productivity thus contents given in the socialization must be able to give understanding and innovation in BUMDes development.

The research result is in line with a research conducted by Bassey et al. (2012) stated that allocating adequate resources to develop employees' socialization strategy in designing and implementing industrial socialization strategies to improve employee performance for productivity improvement and adjustment to the existing changes. According to Njegovan and Kostic (2014), organizational socialization contributes to success and allows an alignment in the relations between employees that depends on their social integration quality in the company and reflects in the productivity, in doing the role, in building the attitude, commitment, and dedication to the organization. Therefore, socialization should be designed properly to fulfill the need of the employees thus it will have positive impact on productivity (Abdul and Malik, 2012).

In this case, business productivity depends highly on human resources, capital, and supporting equipment. Thus, socialization is required before the implementation of the activities (Kurniawati et al., 2013). Socialization process could create the ability to carry out duties well and directed, work optimally, and develop new business units in the BUMDes. Socialization process conducted by the government must be followed by practice and commitment from BUMDes administrator to be able to improve BUMDes productivity in producing output.

##### **The Direct Influence of Economic Potential on BUMDes Productivity in Seririt District**

Based on the analysis result, standardized coefficient beta value was 0.257 and the significance value was  $0.023 < 0.05$ . It means that  $H_0$  was rejected and  $H_1$  was accepted. Therefore, economic potential had a positive and significant influence on BUMDes productivity in Seririt District. It can be seen that the higher the economic potential the higher the productivity. Economic potential in the research was capital used for BUMDes operation. Capital has an important meaning in BUMDes development and sustainability and it is used to increase productivity. With a lot of economic potentials in the village, it will facilitate the acquirement of input from production process thus it will be able to produce economic value output. Unique products are easier to be absorbed into the market thus it will be able to increase BUMDes productivity. The research result is in line with hypothesis formulation stated that economic potential has a positive and significant influence on the productivity of BUMDes in Seririt District. It is also in line with a research by Ningrum (2014) that regional potentials that could be used were in form of natural resources, human resources, and assisted resources and the use of regional potentials could increase productivity. To increase productivity requires business empowerment strategy through local potential (Hapsari dkk., 2015).

##### **The Direct Influence of Socialization on BUMDes Income in Seririt District**

The standardized coefficient beta value was 0.043 and the significance value was  $0.633 > 0.05$  indicated that  $H_0$  was accepted and  $H_1$  was rejected. Therefore, socialization attended had no effect on the income of BUMDes in Seririt District. The positive and insignificant relationship between socialization and income was due to the performance of BUMDes that determined by BUMDes administrators thus socialization given by the government would not able to increase income if the administrators are incapable of applying the knowledge gained from the socialization process to manage the BUMDes.

##### **The Direct Influence of Economic Potential on BUMDes Income in Seririt District**

Based on the analysis conducted, the standardized coefficient beta value was 0.017 and the significant value was  $0.816 > 0.05$ . It means that  $H_0$  was accepted and  $H_1$  was rejected. Therefore, the village's economic potential had no influence on BUMDes income in Seririt District. Village economic potential is the economic ability existed in a village that likely or feasible to be developed so that it will continue to develop into the source of livelihood for the villagers and could even encourage the economy of the region as a whole to be

independently and continuously developed. The positive and insignificant influence of relationship between economic potential and BUMDes income in Seririt District occurred because although the BUMDes has high economic capital, the poor management conducted by BUMDes administrators will not increase the BUMDes income.

BUMDes concept that raises the village economic potentials will not be able to increase income if the BUMDes administrators are incapable of managing the BUMDes well nor increasing the BUMDes productivity. BUMDes should have a review team on the economic potential existed in the village in order to see the potentials. The village head and the head of BUMDes should have strong leadership to coordinate and manage the BUMDes to be able to maximize the village's potentials and in turn increase the BUMDes income.

#### **The Direct Influence of Productivity on BUMDes Income in Seririt District**

Based on the analysis, standardized coefficient beta value was 0.888 and the significance value was  $0.000 < 0.05$ . It means that  $H_0$  was rejected and  $H_1$  was accepted. Therefore, productivity had a positive and significant influence on BUMDes income in Seririt District. If productivity increases then income will increase. Therefore, the development of BUMDes must be oriented towards increasing productivity. High productivity can be achieved through good management and the use of village's economic potential thus BUMDes income will increase and in turn, an increase in the village community welfare. The research result is in accordance with a research by Effendi et al. (2014) stated that productivity had a positive and significant influence on business income. A research by Hayyi (2015) also indicated a positive and significant relationship between productivity and income.

#### **The Indirect Influence of Socialization on Income through BUMDes Productivity in Seririt District**

The calculation result obtained a comparison of z calculated of  $5.04 > 1.96$  thus  $H_0$  was rejected and  $H_1$  was accepted. It means that socialization had a significant indirect effect on income through BUMDes productivity in Seririt District. It indicated that if socialization attended increases the productivity will increase and if productivity increases then it will indirectly increase BUMDes income in Seririt District.

The understanding obtained during the socialization given by the government, both technic and non-technic, was expected to increase entrepreneurship insight and create innovation in building a sustainable business unit based on the village's economic potential. It is expected that it will increase BUMDes productivity level thus indirectly an increase in income obtained by BUMDes.

#### **The Indirect Influence of Economic Potential on Income through BUMDes Productivity in Seririt District**

The result of calculation obtained a comparison of z calculated of  $2.30 > 1.96$  thus  $H_0$  was rejected and  $H_1$  was accepted. It means that economic potential had a significant indirect effect on income through BUMDes productivity in Seririt District. It indicated that if the village's economic potential increases then productivity will increase and if productivity increases then it will indirectly increase the BUMDes income in Seririt District.

Building a business unit by developing the existing economic potential at the village will facilitate the administrators to acquire input from production thus it will make the production process more efficient and it will be able to increase productivity. Products produced will have uniqueness and easily absorbed by the market thus it will increase business productivity and it will indirectly increase the BUMDes income.

### **V. CONCLUSION**

Socialization and economic potential had a positive and significant indirect influence on BUMDes income in Seririt District. In other words, if socialization attended and economic potential increases, then productivity will increase. Socialization and economic potential had a positive and insignificant influence on BUMDes income in Seririt District, whereas productivity had a positive and significant direct influence on the BUMDes income. In other words, if productivity increases then BUMDes income increases. Socialization and economic potential had an indirect effect on income through productivity in Seririt District or it can be stated that productivity is a variable that intervening socialization and economic potential to BUMDes income in Seririt District.

Based on the research result, it is expected that the government, especially the Regional Department of Community and Rural Development to give more intensive socialization related to BUMDes development and the contents given in the socialization should be better and in accordance with the village condition thus it could produce a village institution that has high productivity level.

It is also expected that the village head and all BUMDes administrators to have good and serious commitment to BUMDes management thus it will improve its performance. The village government is expected to form a review team on the village economic potential to be able to inventory the number of economic potentials owned by the village. The establishment of BUMDes should utilize the village's economic potential and be able to create a business unit that will not be a competitor for business established by the community.

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