



<https://ojs.unud.ac.id/index.php/soca>

Role of Organizational Culture and Performance of Bumdesa in Improving the Rural Economy

Anik Yuesti¹✉ and Carmen Castro Menes²

¹Mahasaraswati University Denpasar, Bali, Indonesia

²La Consolacion College, Bacolod, Philippines

✉Correspondence Email : anikyuesti@unmas.ac.id

Submitted: 2nd June 2022 ; Accepted: 28th June 2022

Abstract

Keywords:

Organizational
culture; Job
satisfaction;
employee
performance;
Improved rural
economy.

This study aims to analyze the role of BUMDesaa organizational culture and employees on improving the rural economy, especially for BUMDesaa organizations. In this study, the number of samples used was 102 respondents with the saturated sample method. Methods of collecting data are interviews and questionnaires using a Likert scale, as well as distributing questionnaires using Google Form. The data analysis technique was carried out using Path Analysis (Structural Equation Modeling-Partial Least Square (SEM PLS)). The results showed that: Organizational culture positive, Performance, and Job satisfaction have a positive effect on the improvement of the rural economy. Organizational Culture has no effect on job satisfaction, but Performance has a positive effect on job satisfaction. Organizational culture and Performance have a positive effect on improving the rural economy through job satisfaction. Based on these results, it can be explained that organizational culture and performance can improve the rural economy of BUMDesa if employee job satisfaction increases. Increasing employee satisfaction determines the form of organizational culture and performance achievement.

How to Cite (APA 6th Style):

Yuesti, A., & Menes, C. C. (2022). Role of Organizational Culture and Performance of Bumdesa in Improving the Rural Economy. *SOCA: Jurnal Sosial Ekonomi Pertanian*, 16(2), 169–176.
<https://doi.org/https://doi.org/10.24843/SOCA.2022.v16.i02.p04>

INTRODUCTION

Villages are the spearhead of the sustainability of the national economy (Hutabarat & Pandin, 2014). Therefore, the various potentials in the village must be developed to the fullest (Sham & Noekman, 2003). Each village has a different potential, one of the potentials that most villages in Indonesia have is the potential for agricultural development. Various agricultural business products need special attention (Elizabeth, 2008). One of the regencies in Bali that has the potential for agricultural business is Tabanan Regency. As with the long-term goals of Tabanan development and regional potential, agricultural development needs to be directed at encouraging the creation of increased farmer income, opening up job opportunities, reducing poverty and being able to compete in the global market in order to face the ASEAN free trade (AEC). Therefore, all stakeholders must change the current paradigm and direct all resources for the development of a strong and modern agricultural industrial sector so as to encourage the realization of the agricultural industry in Tabanan Regency.

Judging from land tenure, from the existing area of about 219.62 Km² or 26.17 percent is rice field land and 619.71 Km² or 73.83 percent is non-rice field land. Of the 73.83 percent of non-paddy land area, 99.88 percent of which is dry land which is mostly in the form of teal, gardens and state forests, the remaining 0.12 percent is other land such as ponds, ponds and swamps.

As an area that has the largest rice field area in Bali, making the agricultural sector the basis for economic growth and making Tabanan Regency a food barn for Bali. Making Tabanan a Balinese food barn is not just a slogan (Budiasa et al., 2009), need support and commitment from all parties to develop agriculture in Tabanan Regency. One of the commitments of Tabanan Regency to develop villages is the issuance of Perbup No. 44 of 2017 concerning Establishment, Management and Management and Dissolution of Village Owned Enterprises (BUMDesa) which aims to maximize the development of rural businesses, especially agriculture. Indicators of achieving agricultural business in rural areas area) increasing the Village economy; b) optimal utilization of Village assets for Village welfare; c) increasing community efforts in managing the village's economic potential; d) development of business cooperation plans between villages and/or with third parties; e) the creation of market opportunities and networks that support the public service needs of citizens; f) opening of job opportunities; g) increasing the welfare of the community through the improvement of public services, growth and equity of the Village economy; and h) increasing Village community income and Village Original Income. If all of these indicators are achieved, then the BUMDesa can successfully carry out its role as a driver of the rural economy.

The sustainability of the Perbup and the sustainability of the village economic business requires the initiative of the Village Government and/or the Village community (Kurniawan, 2016); digging the village's economic business potential (Rahman, 2015); availability of natural resources in the Village; availability of human resources capable of managing BUMDesa; and capital participation from the Village Government in the form of village financing and assets submitted to be managed as part of the BUMDesa business (Hutabarat & Pandin, 2014; Rahman, 2015; Said & Cahyasari, 2020).

BUMDesa' efforts to improve rural economy are an organizational commitment (Widyantara, 2018) which cannot be separated from the applied Organizational Culture, where Organizational Culture is a basic guideline applied by an employee in behaving in an organization. Organizational Culture is a belief and ethical principles of organizational members who play an important role in the organization's management system. Employees who have high organizational commitment can be seen from their job satisfaction in the organization.

In addition, employee satisfaction is also one of the factors driving the achievement of rural economy improvement. Employee job satisfaction based on theory refers to discrepancy theory or the theory of discrepancy that a person's job satisfaction can be obtained by calculating the difference between something that should be and what is felt. If the satisfaction obtained by an individual in working exceeds what they want, then the individual will feel satisfaction at work, so that there is discrepancy but positive discrepancy. negative discrepancy.

Performance is the main factor in the improvement of the rural economy. Currently, the decline in performance occurs in the BUMDesa of Tabanan Regency. The decline in performance seen in BUMDesa that distribute agricultural products in Tabanan Regency can occur due to a lack of employee discipline which is basically caused by conditions within the organization. The situation in the organization can be seen in terms of Organizational Culture, performance and job satisfaction which can have an impact on improving the rural economy. Furthermore, the state of the performance of BUMDesa that distribute agricultural products in Tabanan Regency is still not supportive to achieve maximum performance results. This situation can be seen from the phenomenon of the failure of BUMDesa in managing and distributing agricultural products so that farmers are not optimal in obtaining profits. The purpose of this study was to analyze: 1) the influence of organizational culture, performance, job satisfaction, on the improvement of the rural economy. 2) The Influence of Organizational Culture, Performance on Job Satisfaction. 3) The influence of organizational culture and performance on improving the rural economy through job satisfaction.

RESEARCH METHOD

The place of this research was carried out in the BUMDesa of Tabanan Regency which is engaged in the distribution of agricultural products. Tabanan is an agriculture-based district. The government's policy in supporting agriculture is to form a BUMDesa that distributes agricultural products with the aim of becoming a bridge for distributing products produced by farmers. Research conducted in 2021.

The population that will be taken is all employees of BUMDesa who distribute agricultural products in Tabanan Regency as many as 102 respondents. Sampling in this study using a saturated sampling technique (census), where the entire population is the research sample.

Data were collected using a questionnaire. Questionnaires were distributed to respondents via google form a total of 102 respondents due to reduce direct contact due to the covid-19 pandemic.

The analytical methods and techniques used to answer the research objectives are as follows:

1. To analyze the effect of organizational culture, performance, job satisfaction on the improvement of the rural economy, a structural equation model (direct influence/ Structural Equation Modeling–SEM) is used.
2. To analyze the influence of Organizational Culture, Performance on Job Satisfaction. Structural Equation Modeling (SEM) is used.
3. To analyze the influence of organizational culture and performance on improving the rural economy through job satisfaction, a structural equation model (indirect influence/ Structural Equation Modeling–SEM) was used by including intervening variables.

The three research objectives were analyzed using a variance-based or component-based SEM structural equation model, known as Partial Least Square (PLS). This PLS does not assume the data must use a certain scale measurement, is used on a small sample size (30–50) units or < 100 units, and can also be used for theory confirmation.(Hair et al., 2014). The reason for using PLS in this study is because PLS is a general method for estimating the path model using latent variables with multiple indicators. This is in accordance with the empirical model of this study, one exogenous variable and 3 endogenous variables.

RESULT AND DISCUSSION

The Influence of Organizational Culture, Performance, Job Satisfaction on Improving the Rural Economy

The results of statistical data analysis show that Organizational Culture has a positive and significant effect on Improving the Rural Economy (path coefficient of 0.164 with t-statistics value of 1.456) so that the analysis of this research model shows that a high organizational culture will not have an effect on Improving the Rural Economy high too.

This means that the level of Organizational Culture in BUMDesa that distributes agricultural products in Tabanan Regency cannot affect the Rural Economic Improvement of BUMDesa that distribute agricultural products in Tabanan Regency, or the Improvement of the Rural Economy does not depend on the Organizational Culture of BUMDesa. This is because the organizational culture that has been formed so far is difficult to change. Culture has not affected the entrepreneurial spirit for every BUMDesa.

The results of statistical data analysis show that performance does not have a positive and significant effect on Improving the Rural Economy (path coefficient of 0.432 with t-statistics value of 3.653) so that the analysis of this research model shows that high performance will not have an effect on Improving the Rural Economy. This means that the high and low performance will not have an effect improvement of the Rural Economy because most of the employees have not been able to improve their performance optimally. Most of the BUMDesa in Tabanan Regency have not been able to achieve performance due to the problem of limited exploration of the village's economic business potential; availability of natural resources in the Village; availability of human resources capable of managing BUMDesa; and capital participation from the Village Government in the form of Village financing and assets submitted to be managed as part of the BUMDesa business. Everything has not been fulfilled. If the performance of employees has

sufficient potential but is not supported by good facilities, the improvement of the rural economy will not be achieved.

The results of statistical data analysis show that Job Satisfaction has a positive and significant effect on Improving the Rural Economy (path coefficient of 0.692 with t-statistics value of 14.384) so that the analysis of this research model shows that high satisfaction will have an effect on Improving the Rural Economy high too. This means job satisfaction which includes opportunities to learn and gain trust, attention and good relations between superiors and employees, ability to provide stable working conditions and situations, opportunities for advancement, availability of facilities and infrastructure, and adequate work will be able to have a very good influence on Improving the Rural Economy in BUMDesa employees who distribute agricultural products in Tabanan Regency. Job satisfaction is a feeling that supports or does not support employees related to their work or condition. Job-related feelings involve aspects such as effort, career development opportunities, relationships with other employees, job placement, and organizational structure.

The results of this study are in line with the results of previous studies (Nugrahaningsih & Julaela, 2017; Safitri, 2017; Siagian & Khair, 2018; Srikaningsih, 2017) which state that Organizational Culture, Performance, Job satisfaction is positive, so it can improve economic performance significantly, and this means that efficiency will increase in achieving a goal.

The Effect of Performance and Organizational Culture on Job Satisfaction

The results of statistical data analysis show that performance has a positive and significant effect on job satisfaction (path coefficient of 0.125 with a t-statistics value of 0.997) so that the analysis of this research model shows that high performance will have an effect on high job satisfaction for employees who height is not proven. This means that the high and low performance of BUMDesa that distribute agricultural products in Tabanan Regency can affect job satisfaction because all indicators can be achieved.

The results of statistical data analysis show that Organizational Culture has a positive and significant effect on Job Satisfaction (path coefficient of 0.191 with a t-statistics value of 2.592) so the analysis of this research model shows that a high organizational culture will have a high job satisfaction effect. This means that Organizational Culture has succeeded in increasing job satisfaction through various indicators such as innovation and risk-taking, attention to detail, results-oriented, human-oriented, and team-oriented. Likewise, employees have received a very good Organizational Culture by responding to job satisfaction given by BUMDesa employees who distribute agricultural products in Tabanan Regency.

However, on the other hand, agricultural products are not distributed optimally. This indicates that the existing culture of BUMDesa employees who distribute agricultural products in Tabanan Regency has been accepted but has not been implemented properly. This is in accordance with previous research (Lukita, 2017; Utami & Sitohang, 2019; Wahyuniardi & Nababan, 2018; Wibawa & Putra, 2018) which state that performance, and Organizational Culture has an effect on Job Satisfaction.

The Influence of Organizational Culture and Performance on Improving the Rural Economy through Job Satisfaction

The results of statistical data analysis show that Organizational Culture has no effect on Improving the Rural Economy (path coefficient value = 0.164 with t-statistics value of 1.456) so that the analysis of this research model shows that Organizational Culture has no direct effect on Improving the Rural Economy BUMDesa distributor of agricultural products in Tabanan Regency. However, Organizational Culture has an effect on Improving the Rural Economy indirectly through job satisfaction (path coefficient value = 0.083 with t-statistics value of 2.219). This means that job satisfaction as an intervening variable is able to have a positive and significant influence on Organizational Culture and Improving the Rural Economy BUMDesa that distribute agricultural products in Tabanan Regency.

Organizational Culture Good behavior will have a great influence on the behavior of its members because of the high level of togetherness and intensity to create an internal climate. Conversely, if the culture is not good, it will reduce the level of togetherness and intensity to create a good organizational climate. Organizational Culture can also Improve the Rural Economy. Where a conducive organizational culture creates job satisfaction, work ethic, and employee motivation. All of these factors are indicators of the creation of high satisfaction which will result in a high increase in the rural economy.

The results of statistical data analysis show that the organizational environment has no effect on Improving the Rural Economy (path coefficient value = 0.125 with a t-statistics value of 0.997) so that the analysis of this research model shows that performance has no direct effect on Improving the Rural Economy BUMDesa a distributor of agricultural products in Tabanan Regency. However, performance affects Improving the Rural Economy indirectly through job satisfaction (path coefficient value = 0.299 with t-statistics value of 3.499). This means that job satisfaction as an intervening variable is able to have a positive and significant influence on performance and performance Improve the Rural Economy BUMDesa a distributor of agricultural products in Tabanan Regency.

A performance condition is said to be good if employees can carry out activities optimally, healthy, safe and comfortable. Therefore the determination and creator of good performance will greatly determine the success of achieving organizational goals. On the other hand, if the performance is not good, it will reduce the motivation and morale of employees and in the end can reduce the Rural Economic Improvement.

The results of the research above show that they support the previous research (Adha et al., 2019; Andreani & Petrik, 2016; Ayundasari et al., 2017; Changgriawan, 2017; Destari et al., 2018) that *organizational culture*, Performance, and work satisfaction have a positive effect on improving the rural economy. Organizational Culture has no effect on job satisfaction, but performance has a positive effect on job satisfaction. Organizational culture and performance have a positive effect on improving the rural economy through job satisfaction. Based on these results, it can be explained that organizational culture and performance have an important and strategic role to improve the rural economy of BUMDesa if employee job satisfaction increases. If job satisfaction is ignored, it will have an

impact on Organizational culture and performance which in the end will also affect the improvement of the rural economy.

CONCLUSION

Based on the results of the research above, it can be concluded that improving the rural economy is an important aspect that shows the real economic conditions of the community. The rural economy will increase if it is supported by *Organizational culture*. This is evidenced by the results of research which show that it has a positive effect on improving the rural economy, either directly or indirectly. This shows that organizational culture and performance have an important and strategic role to improve the rural economy of BUMDesa if employee job satisfaction increases. These three factors cannot be ignored because they are strategic factors.

RECOMMENDATION

The results of this study have a strong impact on increasing rural economic outcomes. Therefore, the Regional Government of Tabanan Regency can make policies that better maintain the stability and sustainability of BUMDesa that distribute agricultural products. Furthermore, for BUMDesa managers, they can improve management in the field of marketing, modern product processing, and better pricing.

ACKNOWLEDGEMENT

Thank you to the Tabanan Regency Government for collaborating in developing the BUMDesa business and supporting researchers to collect data.

REFERENCES

- Adha, R., Qomariah, N., & Hafid, A. (2019). The influence of work motivation, work environment, work culture on the performance of employees of the social service in Jember Regency. *Jurnal Penelitian Ipteks*, 4(1), 47–62.
- Andreani, F., & Petrik, A. (2016). Employee performance as the impact of transformational leadership and job satisfaction in PT Anugerah Baru Denpasar. *Jurnal Manajemen Dan Kewirausahaan (Journal of Management and Entrepreneurship)*, 18(1), 25–32.
- Ayundasari, D. Y., Sudiro, A., & Irawanto, D. W. (2017). Improving employee performance through work motivation and self-efficacy mediated by job satisfaction. *Jurnal Aplikasi Manajemen*, 15(4), 587–599.
- Budiasa, I. W., Ustriyana, I. N. G., & Anggreni, I. L. (2009). Persepsi masyarakat terhadap kemungkinan pengembangan lumbung desa di Kabupaten Tabanan, Bali. *SOCA: Jurnal Sosial Ekonomi Pertanian*, 9(3), 44061.
- Changgriawan, G. S. (2017). Pengaruh kepuasan kerja dan motivasi kerja terhadap kinerja karyawan di One Way Production. *Agora*, 5(2).
- Destari, Y., Lumbanraja, P., & Absah, Y. (2018). The influence of work satisfaction on employees performance with organizational commitment as intervening variable at the mining and energy agency of north Sumatera. *International Journal of Research & Review*, 5(12), 355–364.
- Elizabeth, R. (2008). Diagnosa kemarjinalan kelembagaan lokal untuk menunjang perekonomian rakyat di pedesaan. *SOCA: Jurnal Sosial Ekonomi Pertanian*,

- 8(2), 44043.
- Hair, J. F., Sarstedt, M., Hopkins, L., & Kuppelwieser, V. G. (2014). Partial least squares structural equation modeling (PLS-SEM). *European Business Review*, 26(2), 106–121. <https://doi.org/10.1108/EBR-10-20>
- Hutabarat, Z., & Pandin, M. (2014). Absorptive capacity of business incubator for SME's rural community located in Indonesia's village. *Procedia-Social and Behavioral Sciences*, 115(2), 373–377.
- Kurniawan, A. E. (2016). Peranan Badan Usaha Milik Desa (Bumdes) dalam peningkatan pendapatan asli desa (Desa Lanjut Kecamatan Singkep Pesisir Kabupaten Lingga Tahun 2015). In *Universitas Maritim Raja Ali Haji*.
- Lukita, C. (2017). Pengaruh kepemimpinan transformasional, motivasi kerja dan budaya organisasi terhadap kepuasan kerja serta dampaknya pada kinerja pegawai. *Kontigensi: Jurnal Ilmiah Manajemen*, 5(1), 45–56.
- Nugrahaningsih, H., & Julaela, J. (2017). Pengaruh disiplin kerja dan lingkungan kerja terhadap kinerja karyawan dengan kepuasan kerja sebagai variabel intervening pada PT. Tempuran Mas. *Media Manajemen Jasa*, 4(1).
- Rahman, K. (2015). Strategi peningkatan investasi pedesaan dalam meningkatkan perekonomian desa Di Provinsi Riau. *WEDANA: Jurnal Kajian Pemerintahan, Politik Dan Birokrasi*, 1(1), 162–174.
- Safitri, U. R. (2017). Influence leadership and work environment on employee performance through job satisfaction (Case study at university employees Boyolali). *EAbstract Excellent*, 2(2).
- Said, M., & Cahyasari, E. (2020). Village Innovation Based on Community. *2nd Annual International Conference on Business and Public Administration (AICoBPA 2019)*, 170–176.
- Siagian, T. S., & Khair, H. (2018). Pengaruh gaya kepemimpinan dan lingkungan kerja terhadap kinerja karyawan dengan kepuasan kerja sebagai variabel intervening. *Maneggio: Jurnal Ilmiah Magister Manajemen*, 1(1), 59–70.
- Sriekaningsih, A. (2017). Pengaruh kepemimpinan, budaya organisasi, dan lingkungan kerja serta kepuasan kerja terhadap kinerja pegawai wilayah Kecamatan Kota Tarakan. *Jurnal Borneo Administrator*, 13(1), 57–72.
- Syam, A., & Noekman, K. M. (2003). Kontribusi sektor pertanian dalam penyediaan lapangan kerja dan perbandingannya dengan sektor-sektor lain. *SOCA: Jurnal Sosial Ekonomi Pertanian*, 3(1), 43862.
- Utami, P. R., & Sitohang, M. K. (2019). Effect of organizational culture intensity on job satisfaction. *Indonesian Journal of Health Administration (Jurnal Administrasi Kesehatan Indonesia)*, 7(2), 116–122.
- Wahyuniardi, R., & Nababan, H. R. (2018). Pengaruh kepemimpinan transformasional dan budaya organisasi terhadap kepuasan kerja serta dampaknya pada kinerja karyawan. *Jurnal Teknik Industri*, 19(2), 118–126.
- Wibawa, I. W. S., & Putra, M. S. (2018). *Pengaruh Budaya Organisasi Terhadap Komitmen Organisasional Dimediasi Kepuasan Kerja (Studi Pada PT. Bening Badung-Bali)*. Udayana University.
- Widyantara, W. (2018). Strategi petani bawang merah dalam usaha memperoleh laba pada agribisnis bawang merah di lokasi spesifik, Desa Buahon Kecamatan Kintamani Kabupaten Bangli. *Jurnal Sosial Ekonomi Pertanian*, 12(2), 144–151.