

The Influence of Recruitment and Training with HR Competence as Intervening, as well as Reward, to Performance of Village-Owned Enterprises

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ABSTRACT

This study aimed to determine the effect of recruitment and training with HR competencies as an intervention, as well as rewards on the performance of village-owned enterprises (BUM Desa), in the province of East Java. The population in this study was all BUM Desa in the province of East Java. Questionnaires were distributed to respondents electronically using online media, with a total of 59 respondents. This study was a quantitative study using descriptive statistical analysis and inferential statistics. This study used the Structured Equation Model Partial Least Square (SEM PLS) which was processed with the SMART PLS version 4 application. Before the analysis, the outer model was tested through validity and reliability tests. Furthermore, the structural model test was carried out with the Inner Model Test which was divided into the R-Square test, Path Coefficient, T-Statistics Test (Bootstrapping), Predictive Relevance, and Fit Model. The processing results showed that the recruitment and training variables had a significant positive effect on the performance of BUM Desa through HR competencies. Likewise, the reward variable, which is an integral part of HR management, had a significant positive effect on the performance of BUM Desa. In general, this research could prove the hypothesis that has been previously set by the researcher.

Keywords: HR Competencies, Performance of BUM Desa, Recruitments, Rewards, Training.

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I. INTRODUCTION

The village is the smallest element of government. Law number 6 of 2014 concerning villages makes the village an independent government entity that has the authority to manage finances independently, starting from planning, budgeting, implementing, and being accountable. Thus programs, activities, and village development are under the needs of the village community itself. In the end, decentralization is expected to be able to boost the welfare of village communities.

One of the efforts made by the village to improve the welfare of the community is to establish a business entity at the village level which we often hear about as a Village Owned Enterprise (BUM Desa). The establishment of BUM Desa is expected to be able to improve the welfare of the community both directly and indirectly. All of the BUM Desa are expected to be able to gain profits and contribute to the village through profit sharing to the village. The BUM Desa profit sharing is a component of the Village's Original Income which will become a source of village income and expenditure. Indirectly BUM Desa can become an economic driver in the village by utilizing village potential. In addition, BUM Desa is also expected to be able to absorb labor in the village.

BUM Desa is a business entity that can be owned by the village government and the community with majority ownership by the village (more than 50%) and the rest owned by the community. The community is expected to share in the ownership of the BUM Desa so that the community can also enjoy the results from the BUM Desa. In addition, community participation is also intended so that the community becomes part of the owner and management of the BUM Desa. Priharjanto and Andriana (2021) state that the involvement of the community in the management of BUM Desa is intended so that the community can directly benefit from the existence of a BUM Desa.

Since the enactment of Law Number 6 of 2014 concerning Villages, BUM Desa has begun to grow and develop. In 2014 the number of BUM Desa was 1,022, and it continues to grow every year until 2021 it reaches 57,273. The rapid growth of BUM Desa is an encouraging thing. BUM Desa is expected to be one of the boosters of economic growth in the village. Zalukhu *et al.* (2020) stated that the existence of BUM Desa is expected to be able to boost the economy in the village and its surroundings. Furthermore, BUM Desa is one of the NAWACITA programs from President Joko Widodo which is expected to develop Indonesia through the outskirts or villages.

The rapid growth and existence of BUM Desa have not been accompanied by good BUM Desa performance. There

are still BUM Desa which only stand and have not yet started their business. The Audit Board of the Republic of Indonesia (2019) stated that based on the summary of the inspection results report (ILHP) for the second semester of 2018 it was found based on a sampling of 8,220 BUM Desa, it turned out that there was 2,188 BUM Desa which were established but not yet operational. In addition, the BPK stated that as many as 1,670 BUM Desa have been operating but have not contributed to the village's original income. It was further stated that not all BUM Desa could make reports, as many as 1,034 BUM Desa did not submit reports, and there was 871 BUM Desa whose formation was not completed with a feasibility study, and 864 BUM Desa were not yet orderly in the administration and reporting of BUM Desa. The BPK also stated that as many as 585 BUM Desa had not been supported by competent managers. If calculated as a percentage, the BUMDes that are not yet operating are 27%, while those that have been operating but have not contributed are as much as 20%. Thus, if you add up as much as 47% of BUM Desa that have been established, they have not contributed to village income.

One of the reasons for the not optimal performance of BUM Desa is the managing human resources factor. According to the BPK (2019), there are still BUM Desa that have not been supported by competent managers. Sudirno *et al.* (2020) stated that the existence of BUM Desa in the regions including in Majalengka Regency, especially in Panjalin Kidul Village, experienced ups and downs due to many factors including, low managerial capacity, lack of empowerment of local communities, and infrastructure of BUM Desa that was not yet optimal. Zalukhu *et al.* (2020) state that the main problem faced by many BUM Desa is the problem of quality of Human Resources, especially managers. Mangkunegara (2005) states that HR performance will determine the competitive advantage of BUM Desa. Factors that need to be considered in the management of BUM Desa are HR factors. Hidayati (2015) states that if the BUM Desa manager is not professional, the performance of the BUM Desa is rather low.

Many studies related to the performance of BUM Desa and human resources managing BUM Desa have been carried out, using both qualitative and quantitative methods. Over the last few decades, employee competence has received a lot of attention from researchers, practitioners, and academics around the world because it is a key determinant of employee performance as well as organizational performance (Darmaileny *et al.*, 2022). Meanwhile, referring to theory and empirical research, it can be stated that employee performance is influenced by, among others, education, work experience, age, compensation (salary), work environment, leadership style, and motivation (Winahyu & Samsuryaningrum, 2022).

Research by Arif *et al.* (2019) showed the results that partially, there is a positive and significant effect between compensation on employee performance, and simultaneously there is also a significant effect between compensation and work discipline on employee performance. However, the research by Swandari *et al.* (2017) and Winahyu and Samsuryaningrum (2022) shows the opposite result, where compensation (salary) has no significant effect on the performance of BUM Desa employees.

Although there have been many studies related to the influence of HR competence on the performance of BUM Desa, there is still little research linking recruitment and training patterns with the performance of BUM Desa through increasing employee competency.

Based on this background, researchers conducted quantitative research that would examine recruitment and training with HR competencies as intervening, as well as rewards (compensation), on the performance of village-owned enterprises. This research was conducted in the province of East Java. The choice of location in East Java was based on the reason that East Java is the province that has the first largest number of BUM Desa based on BPS data for June 2021. However, as of December 2021, not a single BUM Desa in East Java has succeeded in penetrating the export market, even though BUM Desa in East Java can sell their respective superior commodities to the international market.

This study aims to answer the influence of Human Resources in the management of BUM Desa which in this case is represented by patterns of recruitment and development of employees with HR competencies as intervening, as well as rewards/compensations given to the performance of BUM Desa. This research is expected to be able to provide benefits to the Village Government and BUM Desa managers in managing BUM Desa, especially in managing BUM Desa human resources in terms of recruitment, development, and payroll.

II. LITERATURE REVIEW

A. Performance

Etymologically, performance comes from the word work performance. Mangkunegara (2005) states that the term performance comes from the word job performance or actual performance which means work achievement or work results shown. So performance is defined as the result of work both in quality and quantity that is achieved by an employee in carrying out his duties and functions by the authority and responsibility he has.

Conceptually, performance can be seen from two perspectives, namely employee performance and organizational performance. Employee performance is a picture of work performance shown by an employee in their respective fields of work. Meanwhile, organizational performance is a description of the level of achievement of task implementation in an organization, to realize the vision, mission, goals, and objectives of the organization (Bastian, 2001).

Notoatmodjo (2003) states that employee performance is strongly influenced by ability, capacity, help, incentives, environment, and evaluation. While Robbins (2001) explains that performance is a result achieved by a job in his work according to certain criteria that apply to a job. Managerial performance largely depends upon the set of competencies a manager possesses (Bhardwaj & Punia, 2013). Meanwhile Hanum *et al.* (2020) stated that competency and knowledge management positively and significantly affect organizational performance.

B. Organizational Performance

Bastian (2001) states that performance is a description of the level of achievement of the implementation of an activity/program/policy in realizing the goals, objectives, mission, and vision of the organization contained in the formulation of an organization's strategic scheme. Mangkunegara (2005) argues that performance is the result of work both in quality and quantity achieved by a person in carrying out what is given to him. Furthermore, Deitchman (1991) defines performance as actions or implementations of tasks that can be measured.

Surjadi (2009) stated that organizational performance is the totality of work results achieved by an organization. The achievement of organizational goals means that the performance of an organization can be seen from the extent to which the organization can achieve its goals based on predetermined goals. Sobandi (2006) defines organizational performance as an achievement that has been made by the organization in a certain period, both related to input, output, outcome, benefit, and impact.

Based on the description above, organizational performance can be defined as an illustration of the level of achievement of the implementation of tasks carried out by all employees in an organization or government agency. Improving performance in an organization or government agency is a goal or target to be achieved by organizations and government agencies in maximizing an activity.

The concept of performance can be defined as a degree of achievement (Rue & Byars, 1981). This means that the performance of an organization can be seen from the extent to which the organization can achieve its goals based on predetermined goals. Performance is the result of cooperative activities among members or organizational components to realize organizational goals. Simply put, performance is a product of administrative activities, namely cooperative activities within an organization or group to achieve goals whose management is commonly referred to as management. In general, the factors that affect organizational performance can be described in Fig. 1.

One of the organizational capacities that affect organizational performance is human resource management.



Fig. 1. Factors affecting organizational performance.

C. Performance of BUM Desa

The BUM Desa is a business entity established by villages and/or with villages to manage businesses, utilize assets, develop investment and productivity, provide services, and/or provide other types of business for the greatest possible welfare of the village community. The objectives of BUM Desa are:

1. carry out economic business activities through business management, as well as investment development and economic productivity, and village potential;
2. carry out public service activities through the provision of goods and/or services as well as meeting the general needs of the village community, and managing village food storage;
3. Obtain profit or net profit for increasing the village's original income and developing the maximum benefits for the economic resources of the Village community;
4. utilization of village assets to create added value to village assets; and
5. Developing a digital economic ecosystem in the village.

Based on the description above, the performance of BUM Desa is basically how BUM Desa can achieve its goals. Thus the performance of the BUM Desa can be measured by whether the BUM Desa has carried out economic activities and developed investments by utilizing the existing village potential. In addition, the performance of BUM Desa is also measured by how the village can provide services to the community by providing goods and services.

D. HR Competence

In Mangkunegara (2005), competence is a fundamental factor possessed by someone who has more abilities, which makes him different from someone who has average or ordinary abilities. Wibowo (2014) defines competence as capability in work and in carrying out tasks based on skills, knowledge, and work attitudes as job demands. In addition to the knowledge and skills possessed, a BUM Desa administrator must have an interest in their field, meaning that administrators are not only selected with makeshift abilities but have interests such as knowledge about the potential of the village they have and a high willingness to develop it into innovations for the advancement of the BUM Desa (Utami & Mayasari, 2022).

E. Recruitment

Strategic issues in recruitment (Schuler & Jackson 2006, as cited in Lestari *et al.*, 2021), namely the recruitment process must be consistent with the strategy, vision, and values of the organization; must be implemented efficiently and effectively; and must be accompanied by the ability of the organization to retain the best employees. Panji, Qomari, and Sutopo (2021) state that recruitment has a significant effect on competence. A good recruitment pattern will produce employees who have criteria according to job specifications so that these employees are competent and able to complete the job well.

Simamora (2005) defines recruitment as a set of procedures and activities to find and attract job seekers with the motivation, knowledge, abilities, and skills needed by

companies to meet the shortage of human resources that have been defined in staffing planning. The result of the recruitment is a group of job applicants who will then be selected to become new employees in the company.

F. Training

According to Widodo (2015), training is a series of individual and employee activities to systematically increase skills and knowledge so that they can have professional performance in their field. Wisastra and Sagala (2016) stated in their research that training has a positive and significant effect on employee competency. Mokhtar and Susilo (2017) state that training affects employee competency. It is further stated that training materials, training methods, and training instructors have a significant influence on employee competence. Training provides participants with the knowledge and skills needed by employees to carry out work in their fields (Mondy, 2008).

Himalik (2007) stated that the training provided enormous benefits for the participants. Training is not just providing new experiences, strengthening learning outcomes, knowledge, and skills of participants, but is useful for developing thinking skills in solving problems faced by employees.

Arifin *et al.* (2020) showed that recruitment has a significant and positive effect on performance and competence. Career development (training) has a significant and positive effect on performance and competence. Furthermore, competence has a significant and positive effect on performance. Competency variables become mediators of recruitment and career influences.

G. Reward/Compensation (Salary)

According to Hasibuan (2016), compensation is interpreted as all income received by employees, both in the form of money (financially) directly or indirectly and non-monetary (non-financially) as remuneration for their work and contribution to the company. Good compensation should encourage good work, experience, loyalty, responsibility, and productive behaviors. Swandari *et al.* (2017) stated that providing fair compensation (in the form of salary) to employees will cause employees to improve their performance.

According to Mulyadi (2001), the reward system and recognition of trainee performance is a means of directing trainee behavior towards behavior that is valued and recognized by the organization. Rewards or awards can be a tool for companies in solving problems related to the management of trainees and is a tool to motivate trainees. If people feel that there is a high probability that a good performance will receive a reward based on a good performance, the motivation of people trying to achieve the set goals will be high. Rewards can also be defined as reciprocal actions given by an organization or leadership to employees/trainees when they are deemed capable of carrying out the actions or tasks assigned by the organization accurately and quickly (Rahim & Daud, 2012). Yamali (2018) stated that compensation, competency, organizational culture and organizational commitment partly or together have positive and significant effects on performance.

According to Ahsan and Khan (2013), the capacity to attract highly skilled human resources is dependent on the

employee recruitment process implemented by organizations, which plays an important role for their competitiveness on the market. Indeed, competency-based recruitment seems to have a significantly positive effect on managerial succession (Karimi *et al.*, 2018).

Novita *et al.* (2021) recommend improving the quality of recruitment processes and procedures to get employees who know, skills, as well as improving a transformative career development system so that the Bank's performance is healthier and developing sharia competency patterns so that they can update their performance through collaboration with the recruitment team, career development team, and a competency assessment team to look for sharia banking human resources.

III. CONCEPTUAL MODEL

This research generally adopts the research of Zalukhu *et al.* (2020) which examines the effect of employee recruitment and training on employee commitment and the performance of BUM Desa. This study used the independent variables of recruitment and training with the dependent variable on the performance of BUM Desa, while the commitment variable became the intervening variable. In addition, the researchers also added real reward/wage variables as exogenous variables that will affect the performance of BUM Desa. The addition of this variable refers to research conducted by Zheng *et al.* (2017) in China, Swandari *et al.* (2017), Arif *et al.* (2019), and Winahyu and Samsuryaningrum (2022). From this research development, the researcher created a research framework as shown in Fig. 2, and made the following hypotheses:

- H1: Recruitment has a significant positive effect on HR competence
- H2: Training has a significant positive effect on HR competence
- H3: HR competence has a significant positive effect on the performance of BUM Desa.
- H4: Reward has a significant positive effect on the performance of BUM Desa

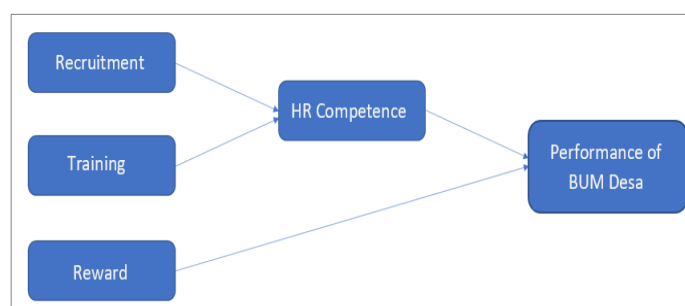


Fig. 2. Research Framework.

IV. RESEARCH METHOD

This research is a quantitative study to explain the relationship between HR management and the performance of the BUM Desa. This study seeks to explain the relationship between human resource management which consists of patterns of recruitment, training, and rewards on the performance of BUM Desa. Recruitment and training

patterns affect BUM Desa's performance through HR competencies. An open and fair recruitment pattern will produce competent employees. Likewise, training for employees is expected to be able to improve HR competencies which will ultimately improve the performance of BUM Desa. Meanwhile, the reward variable will directly affect the performance of BUM Desa.

The data used in this study is primary data which is directly taken from the first source. The data in this study were obtained through questionnaires distributed to BUM Desa managers. Questionnaires were distributed to respondents electronically via the Google form using online media. The link to access the questionnaire was distributed through the Whatsapp Group for the BUM Desa Indonesia East Java Region Forum. The questionnaire questions in this study were designed by reducing the variables into indicators and sub-indicators. To ensure the reliability and constancy of the questionnaire, validity and reliability tests were carried out to ensure that the questions designed were valid and reliable. Questionnaire distribution was carried out from July to September 2022 with a total of 59 respondents.

The method of analysis used in this research is divided into two parts, namely descriptive statistical analysis and inferential statistics. Descriptive statistical analysis was carried out to describe the description of respondents which included the number of respondents and the distribution of respondents, such as gender, age, education level, and position. Inferential statistical analysis was used to test the model. The inferential statistical analysis tool used in this study is the Partial Least Square Structured Equation Model (SEM PLS). Data processing uses the SMART PLS application version 4.

V. RESULT

A. Description of Respondents

The research was conducted in East Java Province with respondents from BUM Desa managers consisting of Directors, Secretaries, Treasurers, and BUM Desa employees. Detailed composition of positions and demographics of respondents can be seen in Tables I to Table IV.

TABLE I: POSITION OF RESPONDENTS

Position	Total	Percentage
Director of BUM Desa	35	59%
Secretary of BUM Desa	12	20%
Treasurer of BUM Desa	8	14%
Staff/Other Employees	4	7%
Total	59	100,00%

TABLE II: GENDER OF RESPONDENTS

Gender	Total	Percentage
Male	44	75%
Female	15	25%
Total	59	100%

TABLE III: AGE OF RESPONDENTS

Age	Total	Percentage
20 - 30 years	8	14%
30 - 40 years	17	29%
40 - 50 years	20	34%
50 - 60 years	13	22%
More then 60 years	1	2%
Total	59	100%

TABLE IV: EDUCATION OF RESPONDENTS

Education	Total	Percentage
D3	3	5%
D4/S1	25	42%
S2	3	5%
High School	28	47%
Total	59	100%

B. Result of Data Analysis

The data that has been collected through a questionnaire is processed to be able to answer the research questions that have been formulated previously. To ensure that the gauges (indicators) used are valid and can specify the relationship between latent variables and their gauges, validity and reliability tests are first carried out.

The testing steps carried out in this study are divided into two, namely: evaluation of the measurement model (Outer Model) and evaluation of the structural model (Inner Model). Evaluation of the measurement model is carried out to ensure that the gauge used is valid and reliable, in other words, the outer model test is intended to specify the relationship between latent variables and their indicators. The validity test is done by testing convergent validity and discriminant validity. In the outer model, there are two types of indicator relationships in the construct, so the test is carried out according to the form of the indicators, namely reflective indicators and formative indicators (Ghozali, 2016).

There are two ways used in testing convergent validity, namely by looking at the loading factor and average variance extracted (AVE). The discriminant validity test was carried out using the Fornell Larcker Criterion or HTMT and Cross Loading. While the reliability test was carried out with composite reliability and Cronbach's Alpha. Study of measurement models in SMART PLS can be done using the "Calculate; PLS-SEM Algorithm".

The structural model test was carried out using the Inner Model Test which was divided into tests: (1) R-Square, (2) Path Coefficient, (3) T-Statistic Test (Bootstrapping), (4) Predictive Relevance, and (5) Fit Models. The inner model is a structural model that is used to predict the relationship between latent variables that cannot be measured directly in the predicted model. The structural model (inner model) describes the causal relationship between latent variables that have been framed based on theoretical substance and previous research. The structural model test (inner model test) in SEM PLS was carried out by bootstrapping and blindfolding tests on SMART PLS.

The validity test was divided into two, namely convergent validity and discriminant validity. The factor loading value shows the correlation between the indicator and the construct. An indicator with a low loading value indicates that the indicator does not work in the measurement model. Haryono (2017) states that the standardized loading factor describes the magnitude of the correlation between each indicator and its construct. Ideally, a loading factor ≥ 0.7 so that the indicator can be considered valid for measuring the construct it forms. Ghozali (2016), states that a correlation can be said to meet good convergent validity if it has a loading factor value greater than 0.7. The validity test was carried out in three stages until there were no measuring items whose value was below 0.7.

TABLE V: VALUE OF CRONBACH'S ALPHA AND COMPOSITE RELIABILITY

	Performance	Competence	Recruitment	Reward	Training
Cronbach's Alpha	0.834	0.916	0.860	0.792	0.917
Composite Reliability	0.881	0.935	0.900	0.874	0.948

A convergent validity test was performed with Average Variance Extracted (AVE). Ghozali (2016) states that the AVE value is at least 0.5 (greater or equal to 0.5). This value illustrates adequate convergent validity which means that one latent variable can or can explain more than half of the variance of its indicators. The test results show that the AVE value of each latent variable is greater than 0.5 so it can be concluded that the indicators used to measure the variables are sufficient. Based on the results of convergent validity tests both with factor loading (outer loading) and with AVE, all measuring indicators used in this study are considered valid to measure relevant variables.

The researcher also conducted a discriminant validity test. A discriminant validity test was performed with the Fornell-Larcker criterion and cross-loading. Testing with the Fornell-Larcker criterion can be said to be good if the roots of the AVE in the construct are higher than the construct's correlation with other latent variables, while the cross-loading test must show a higher indicator value for each construct than the indicators in the other constructs (Sekaran & Bougie, 2016).

The results of measuring validity tests with both convergent (reflective) and discriminant (formative) validity indicate that there are no validity problems in studies where the test results have shown scores above 0.7. All measures used in the study are valid and appropriate.

The reliability test of latent or construct variables with reflective indicators is carried out by looking at the value of composite reliability and Cronbach's alpha. Ghozali and Latan (2016) state that the value of the requirements used in composite reliability and Cronbach's alpha is more than 0.7, while a value of ≥ 0.8 is very satisfying (Haryono, 2017). The results of the reliability test can be seen in Table V which shows that Cronbach's Alpha and Composite Reliability values are all above 0.7, so it can be concluded that all constructs have good reliability. Furthermore, testing the inner model or structural model is used to see the relationship between latent variables (Recruitment, Training, Competence, and Rewards on the Performance of BUM Desa). The structural model or inner model is evaluated

using: (1) R-Square, (2) Fit Model, (3) T-Statistics and p-value, and (4) Path Coefficient as shown in Table VI.

TABLE VI: R-SQUARE AND R-SQUARE VALUES ADJUSTED

Variable	R-Square	R-Square Adjusted
Performance	0.429	0.408
Competence	0.623	0.610

From Table VI, the adjusted R-Square for performance is 0.408 or 40.8%, which means that the endogenous performance variable is affected by exogenous variables in the research model by 40.8% and the remaining 59.2% is influenced by other variables not explained in models. While the adjusted R-Square value for the competency variable is 0.610 or 61%, which means that the competency variable can be estimated to be influenced by exogenous variables in the study by 61%, and the remaining 39% is influenced by other variables not described in the model.

TABLE VII: MODEL FIT TEST

	Saturated model	Estimated model
SRMR	0.093	0.097
d_ULS	2.187	2.376
d_G	1.816	1.840
Chi-square	487.294	494.529
NFI	0.621	0.615

Based on Table VII, the NFI value in the Estimated model is 0.615 or 61.5%, which means that the fit of the model to predict endogenous variables is 61.5%. This model is statistically good enough.

TABLE VIII: T-STATISTICS AND P-VALUE

	T-statistics	P values	Descriptions
Competence -> Performance	2.774	0.006	Significant
Rekrutment -> Competence	5.506	0.000	Significant
Reward -> Performance	2.891	0.004	Significant
Training -> Competence	3.403	0.001	Significant

Referring to Table VIII, we can see that all T-statistics are greater than 1.96 and p-values are <0.05 , so it can be concluded that all exogenous variables significantly influence the endogenous variables as predicted in the model.

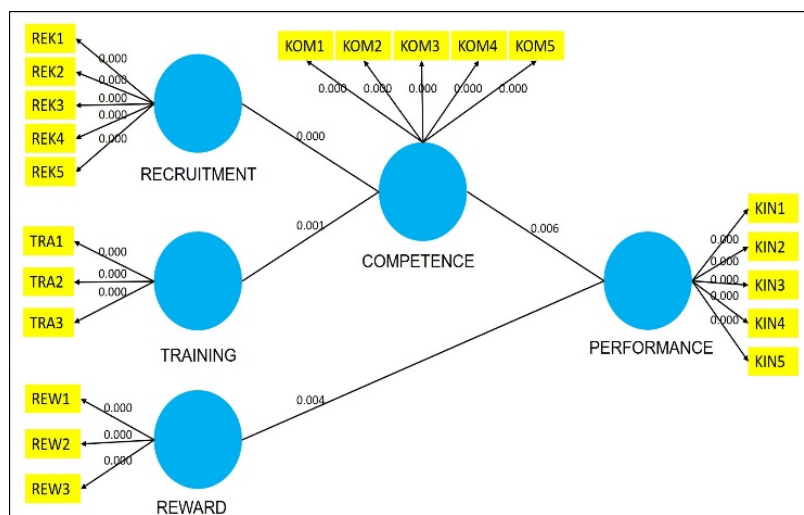


Fig. 3. SMART Bootstrapping Output.

With the SMART PLS application, the significance value of the relationship between exogenous and endogenous variables can also be seen in the graphic output. The complete graphic output from SMART PLS can be seen in Fig. 3.

From Fig. 3, can be seen that the p-values are all below 0.05 so all are considered significant. Recruitment and training variables influence HR competencies and competency variables also significantly affect BUM Desa performance. Likewise, the reward variable significantly affects the performance of BUM Desa.

Then a test is carried out to see the direction of the influence of exogenous variables on endogenous variables, whether positive or negative, by carrying out a path coefficient test, with the test results in Table IX.

Based on the path coefficient values in Table IX, it can be concluded that the relationship between exogenous variables and endogenous variables is all positive, so the relationship is unidirectional.

TABLE IX: PATH COEFFICIENT VALUE

Relationship Between Variables	Coefficient Value
Rekrutment - Competence	0.574
Training - Competence	0.291
Competence - Performance	0.347
Reward - Performance	0.373

The first hypothesis (H1) in this study states that recruitment has a significant positive effect on HR competency. The results of the significance test (p-value) state that the p-value of the first hypothesis is 0.000, which means that recruitment (recruitment pattern) has a significant effect on the HR competence variable. Meanwhile, if we look at the direction of influence in the path coefficient test, the path coefficient value is +0.574 (positive 0.574). This indicates that hypothesis 1 is accepted, namely, recruitment has a significant positive effect on HR competence.

Recruitment patterns that are more open and fairer will affect HR competency numbers. A better pattern of employee recruitment at BUM Desa will encourage the production of competent employees. Employee recruitment that is carried out openly and fairly provides the widest opportunity for villagers so that all villagers have the right to participate in employee recruitment without exception. It is hoped that an open and fair recruitment pattern will be able to attract more competent resources. Competition in open and fair recruitment will produce quality human resources. Recruitment is a fairly important factor in producing quality human resources. These results are in line with research conducted by Hermawati and Indriani (2019) which states that recruitment and compensation have a significant positive effect on organizational performance.

The second hypothesis states that training has a significant positive effect on HR competence. The results of the significance test showed that the p-value of training on HR competence was 0.001, as well as the t-value which was greater than 1.96. This indicates that the exogenous latent variable of training significantly influences competence. The path coefficient values can be seen in table IX. The path coefficient value between training and HR competence is +0.291 (positive 0.291), which indicates that the direction of influence of training on HR competence is unidirectional. It can be concluded that hypothesis 2 (H2) which states that

training has a significant positive effect on HR competency is acceptable. This is in line with what was expressed by Mangkuprawira (2003) who argues that training for employees is a process of teaching certain knowledge and skills and attitudes so that employees are increasingly skilled and able to carry out their responsibilities better according to standards. The training latent variable in this study was measured with the implementation of training or the participation of employees in training, which shows that the more often employees attend training, the more HR competence will increase.

The third hypothesis (H3) in this study is that HR competence has a significant positive effect on the performance of BUM Desa. The results of the significance test showed that the p-value for the influence of HR competence on the performance of the BUM Desa was 0.006. Meanwhile, based on the path coefficient analysis, a value of +0.347 is obtained. A positive path coefficient value indicates that the direction of the relationship is the same, meaning that if there is an increase in HR competence, it will increase the performance of the BUM Desa. Thus H3 can be accepted. This is in line with the research of Utami and Mayasari (2022) and Darmaileny *et al.* (2022).

The fourth or final hypothesis of this research model is that rewards have a significant positive effect on the performance of BUM Desa. Reward in this study is compensation in the form of salary or other income. The results of the data test show that the p-value is 0.004, while the path coefficient value is +0.373. This shows that based on the results of data processing it can be concluded that the exogenous latent variable in the form of a reward has a significant positive effect on the performance of BUM Desa. Thus the 4th hypothesis is accepted. The path coefficient value shows a positive value. This means that the effect of rewards on performance is consistent. This is following the research of Swandari *et al.* (2017) and Arif *et al.* (2019) which state that the better the compensation, the better the employee performance. Rewards given by BUM Desa in the form of salaries, allowances, or other awards to BUM Desa employees will improve the performance of BUM Desa.

VI. CONCLUSION

This study tries to examine the effect of human resource management on the performance of BUM Desa. The human resource management referred to in this research is the process of recruitment, implementation of training, and provision of rewards (compensation) to BUM Desa. Do these variables have a significant influence on BUM Desa?

The results of the study show that recruitment influences the performance of BUM Desa through HR competencies. Recruitment that is open and fair will increase HR competence. Human resources obtained from an open recruitment process become more competent because BUM Desa can choose from potential and registered candidates. Open recruitment provides open opportunities for the community to participate in becoming candidates for BUM Desa employees. Thus the BUM Desa (recruitment committee) can select some candidates who are suitable and competent with the job characteristics that exist in the BUM Desa. An open and planned recruitment pattern will affect the

competence of employees received by the BUM Desa which will ultimately affect the performance of the BUM Desa as a whole.

Training has a positive and significant effect on competency. This means that the more often employees attend training, the better their competence will be, which will ultimately improve the performance of BUM Desa. Training is expected to be able to create competent employees who will improve organizational performance. Training as well as recruitment has a significant positive effect on the performance of BUM Desa. Training affects performance through HR competence. Training opportunities received by BUM Desa employees will be a driving force for performance through competence. Meanwhile, HR competencies have a significant positive influence on the performance of BUM Desa. The greater the competency possessed by employees will improve the performance of BUM Desa.

Reward (compensation) is an integral part of HR management. The results of the analysis show that rewards have a significant positive effect on the performance of BUM Desa. Good reward management encourages the creation of organizational performance. From the results of this study, the researchers suggested that BUM Desa in recruiting employees should be done openly and fairly and be able to form a recruitment team. In addition, periodically BUM Desa employees need to be given the training to increase competence and be given rewards according to their performance.

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