

The Impact Of Capital Investment And Managerial Competency On Village Income Enhancement: A Case Study Of Bumkams In Rawa Jitu Timur District, Tulang Bawang Regency

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ABSTRACT

This study examines the influence of capital investment and managerial competency on the enhancement of village income, specifically focusing on Village-Owned Enterprises (BUMKAMs) in the Rawa Jitu Timur District of Tulang Bawang Regency. Despite the establishment of 147 BUMKAMs by 2016, and the formation of 8 BUMKAMs in the Rawa Jitu Timur District, only a limited number have contributed significantly to village revenue. The research identifies a gap where the formation of BUMKAMs has been more of a formal requirement rather than a practical solution to village needs, resulting in minimal capital investment and ineffective management. This study employs a descriptive-verification approach to evaluate how capital investment and managerial competency impact village income. Data analysis reveals that while capital investment has a positive but non-significant effect on village income, managerial competency significantly and positively influences income enhancement. The findings suggest that improving managerial skills has a more pronounced effect on increasing village revenue than capital investment alone. The study underscores the importance of enhancing managerial competency to maximize the benefits of capital investment for village income. Future research should explore strategies to optimize both capital investment and managerial training to further improve village economic outcomes.

Keywords: Capital Investment, Managerial Competency, Village Income, BUMKAM, Economic Enhancement

Introduction

In Tulang Bawang Regency, by 2016, 147 villages had established BUMKAM (Village-Owned Enterprises), with 8 BUMKAMs set up in 8 villages within the Rawa Jitu Timur District. However, by 2021, only a few of these BUMKAMs had managed to provide any revenue sharing to their respective villages. The formation of BUMKAMs appears to be more of a formal requirement rather than a genuine response to the village's needs and community aspirations, as it lacks alignment with the village's potential (Heryanda et al., 2020; Suamperi, 2022; Widyastuti & Ambarwati, 2020). This situation has resulted in insufficient government budget allocation for capital investment in BUMKAMs, leading to no noticeable increase in village income (Kodi et al., 2022; Masdupi et al., 2021; Sufriyandani et al., 2021). The appointment of BUMKAM managers has often been arbitrary, focusing merely on fulfilling organizational structure requirements without considering the managers' competencies. Consequently, many BUMKAMs struggle to contribute to the village's revenue, impeding the increase in the village's original income (Defrizal et al., 2021; Kurniasih et al., 2019; Sari et al., 2021). Additionally, village governments seem indifferent toward BUMKAMs, hesitating to allocate capital from the Village Budget (APBKam), and many BUMKAM managers lack the necessary skills to effectively manage their enterprises (Jatmiko et al., 2021; Nurwulandari, 2023).

According to Permendes PDTT No. 4 of 2015, a BUMKAM is a village-owned enterprise where most or all of the capital is provided by the village through direct investment of village assets to manage resources, services, and other activities aimed at improving the village's welfare. The establishment of BUMKAMs is intended to enhance the village economy, optimize village assets for community benefit, develop economic potential, foster inter-village cooperation, create job opportunities, and increase the village's income (Asis et al., 2020; Suprpto et

al., 2019; Surya, 2022). Capital investment involves long-term financial or asset contributions by the village to support or expand BUMKAM's capital, with the possibility of providing grants or loans (Heryanda et al., 2020; Purba et al., 2021). Competency, as defined by (Moses et al., 2018; Tomasi, 2020), is the ability to perform tasks effectively, grounded in skills, knowledge, and work attitudes essential for job performance. (Yen et al., 2022) further define it as the underlying characteristics that lead to effective or superior performance in specific activities. Village income refers to all funds received by the village through its account that are not required to be repaid, representing the village's financial rights within a fiscal year (Pongantung et al., 2022; Siagian et al., 2016).

Methodology

This study employs a descriptive-verification research method. It is descriptive because it outlines the performance of villages in managing BUMKAMs, based on real-world facts and events, and transforms these into data (Haryanto et al., 2022; Masdupi et al., 2021). It is verification as it tests theories through statistical analysis to evaluate the relationship between independent variables—competency and capital investment—and the dependent variable, which is the village's original income (PAK) (Afala & Rahayu, 2023; Seftyono et al., 2018). The study covers all BUMKAMs in the Rawa Jitu Timur District of Tulang Bawang Regency. Data collection is done from this entire population, allowing for a comprehensive examination of how capital investment and managerial competencies influence PAK.

Result and Discussion

a. Result

The analysis of the study's results reveals important insights into the factors affecting village income in the Rawa Jitu Timur District. For the variable of capital investment (X1), the average score was 71.04%, indicating a high level of agreement among respondents on the importance of capital investment for BUMKAMs. However, challenges persist with respect to the transparency and effectiveness of capital investment processes. While investments from government and external sources were generally well-received, there was less consensus on the effectiveness of private sector contributions and asset management. Regarding managerial competency (X2), respondents gave an average score of 75.92%, reflecting a high appreciation for the role of competent management in BUMKAMs. Key competencies such as confidence, responsiveness to urgent situations, and understanding of job-related theories were rated positively. Nonetheless, some areas, such as the ability to perform complex tasks, received lower scores. The village's original income (PAK) had an average score of 69.75%, indicating a high perception of its importance. Despite this, there were concerns about the recording and utilization of income from asset management and community contributions. The regression analysis revealed that while capital investment has a positive but not statistically significant effect on village income, managerial competency has a significant positive impact, with a regression coefficient of 0.974. This highlights that managerial competency plays a more crucial role in increasing village income.

b. Discussion

The discussion of these results underscores the critical role of managerial competency in enhancing village income through BUMKAMs, as emphasized by (Jatmiko et al., 2021; Nurwulandari, 2023). While capital investment positively affects village income, as outlined by (Heryanda et al., 2020; Purba et al., 2021), its impact remains limited without proper management. The fact that capital investment alone does not lead to substantial improvements suggests that merely injecting financial resources into BUMKAMs is insufficient unless supported by effective management practices.

The high level of agreement on the importance of managerial competency, as described by (Moses et al., 2018; Tomasi, 2020), demonstrates its pivotal role in driving BUMKAM success and, consequently, in increasing village income. Competent managers, with the necessary skills and knowledge, are better equipped to manage responsibilities, optimize resources, and leverage investments effectively, leading to greater financial benefits for villages. This finding aligns with the issues noted by (Kurniasih et al., 2019; Sari et al., 2021), who observed that BUMKAMs often fail due to arbitrary appointments of managers lacking proper competencies.

The more pronounced effect of managerial competency compared to capital investment suggests that the primary focus should be on improving managerial skills to boost village revenue, a notion supported by (Widyastuti & Ambarwati, 2020; Yen et al., 2022). Prioritizing training and development programs for BUMKAM managers would ensure they can effectively manage the enterprises, leading to improved economic outcomes. This insight implies that enhancing management competencies is a more immediate and effective strategy for increasing village income than relying solely on financial inputs.

Additionally, the combined effect of both capital investment and managerial competency underscores the need to integrate these two elements, as supported by (Asis et al., 2020; Suprpto et al., 2019). A balanced

approach, where investment is paired with effective management, is essential for maximizing the potential of BUMKAMs to contribute to village economic growth. Future research should explore strategies for optimizing capital investment while simultaneously developing managerial capabilities to fully realize their potential benefits for village income, as suggested by (Kodi et al., 2022; Pongantung et al., 2022).

Conclusion

The study concludes that while capital investment has a positive effect on village income, this impact is not statistically significant, indicating that investment alone is insufficient to substantially enhance village income without effective management. On the other hand, managerial competency demonstrates a significant and positive effect on village income, underscoring the importance of skilled management in the success of BUMKAMs and the enhancement of village revenue. When considered together, both capital investment and managerial competency positively influence village income; however, the effect of managerial competency is more pronounced. This suggests that improvements in management skills are likely to yield more substantial increases in village income. Future research should focus on optimizing capital investment strategies and enhancing managerial training to fully leverage these factors for greater financial benefits to villages.

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