

Impact of Competence on BUMDESMA Sustainability: Organizational Commitment as a Mediating Variable

Daris Surahmah

Muhammadiyah University of Jember, Indonesia



DOI : <https://doi.org/10.61796/icossh.v2i1.196>



Sections Info

Article history:

Submitted: January 31, 2025

Final Revised: February 28, 2025

Accepted: March 17, 2025

Published: March 30, 2025

Keywords:

Competence

Organizational commitment

sustainability

BUMDESMA

ABSTRACT

Objective: This study examines the relationship between competence, organizational commitment, and the sustainability of Joint Village-Owned Enterprises (BUMDESMA) in Jember Regency. **Method:** Using a quantitative explanatory research approach, data were collected from 104 core managers of 26 BUMDESMA through structured questionnaires and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS 4. **Results:** The findings reveal that competence significantly influences both organizational commitment and BUMDESMA sustainability, with commitment serving as a critical mediating variable. The adjusted R^2 values demonstrate the robustness of the model, with competence explaining 49.1% of organizational commitment variation and competence and commitment together explaining 84.7% of sustainability variation. These results emphasize the importance of enhancing managerial skills and fostering organizational commitment through targeted training and leadership strategies to achieve long-term sustainability. **Novelty:** Practical implications suggest that policymakers should integrate competence development with initiatives to strengthen commitment and collaboration among stakeholders. Future research is recommended to explore additional factors, such as technological innovation and funding accessibility, to provide a more comprehensive understanding of BUMDESMA sustainability.

INTRODUCTION

Joint Village-Owned Enterprises (BUMDESMA) is a form of collaboration between villages that aims to manage economic potential together. This collaboration serves to improve the local economy with management that actively involves the community [1]. As an entity that focuses on village economic development, BUMDESMA plays an important role in improving the welfare of the village community through the management of existing resources. Research shows that BUMDES has a very large role in improving community welfare by optimizing local potential [2]. The sustainability of BUMDESMA is highly dependent on efficient, innovative management, and the ability to adapt to changing economic needs and challenges. Good and innovative management is very important to ensure the sustainability and long-term competitiveness of BUMDES [3]. In this context, the development of competent human resources (HR) is a key factor to create BUMDESMA that is competitive and able to survive in the long term. The development of skilled and innovative human resources is the key to improving the performance of BUMDES and creating sustainable businesses [4].

The sustainability of BUMDESMA can be achieved through strategies that integrate economic, social, and environmental aspects. This integration depends not only on increasing managerial and technical capacity, but also on the formation of a strong organizational commitment [5]. This encourages all parties to work together in achieving long-term goals, as well as sustainability strategies that actively involve stakeholders to

face existing social, economic, and environmental challenges [6]. By developing sustainable human resource competencies, BUMDESMA can create relevant innovations and utilize local potential, as well as the importance of innovation to reduce material consumption and improve the quality of life of the community in the context of sustainable development [7]. This will strengthen the competitiveness of BUMDESMA and ensure a positive impact on the village economy, even in the midst of the challenges of ever-evolving global change, through an approach based on cooperation and community empowerment [8].

Jember Regency is one of the regions in East Java Province that has great potential in the agribusiness, tourism, and creative economy sectors. With a large population and rich cultural diversity, Jember Regency continues to strive to develop various development programs based on local potential. One of the strategic steps taken is through the establishment and management of Joint Village-Owned Enterprises (BUMDESMA), which supports sustainable local economic development [9]. In Jember Regency, as many as 26 Joint Village-Owned Enterprises (BUMDESMA) were officially launched on January 30, 2023 by Regent Hendy Siswanto as a result of the transformation of the management of the former National Program for Rural Independent Community Empowerment. This launch aims to strengthen the village economy through joint management of local economic potential that is more integrated. With the presence of BUMDESMA, villages in Jember are expected to create new business opportunities, increase community income, and support sustainable village development. This step also reflects the commitment of local governments to encourage village independence and accelerate economic recovery in rural areas.

The phenomenon of BUMDESMA sustainability in Jember Regency is one of the clear examples of how village-based economic management can have a significant impact on regional development. In recent years, the Jember Regency government has been actively encouraging the transformation of BUMDESMA as an innovative solution to manage local potential collectively, especially through the launch of 26 BUMDESMA as a result of the transformation. However, the sustainability of BUMDESMA still faces challenges, such as lack of human resource capacity, weak organizational commitment, and lack of access to technology and funding. However, efforts continue to be made to ensure this sustainability, one of which is by providing training, institutional strengthening, and clear regulatory support. However, these efforts are indicated to still not find results.

Human resource competence is a crucial element in supporting the sustainability of BUMDESMA, because the quality of management is highly dependent on the expertise, knowledge, and abilities of its managers [10]. Good competence allows BUMDESMA managers to identify village potential, manage assets effectively, and create innovative strategies that are relevant to market needs. In addition, competence also affects the ability of organizations to adapt to changes, such as technological developments and global economic challenges [11]. With continuous competency development, BUMDESMA is not only able to improve operational efficiency, but also ensure the continuity of the

program and provide consistent benefits for the village community. Adequate competence is the foundation for BUMDESMA to remain relevant, competitive, and contribute significantly to sustainable village development [12].

Organizational commitment plays a key role in ensuring a company's sustainability, as organizations with a strong commitment can adapt and face existing challenges in their efforts to achieve their long-term goals [13]. Commitment to sustainability can be reflected in the implementation of policies that support the reduction of negative impacts on the environment [14]. In addition, transformational leadership also plays an important role in strengthening organizational commitment, which in turn supports the achievement of sustainability goals [15]. Thus, a strong commitment within the organization is an important foundation to support sustainability and adaptation to global changes.

Previous research has examined various aspects related to competence, human resource development, and organizational sustainability. Research finds that entrepreneurial competence supports innovation that has a positive effect on the sustainability of SMEs [16]. Other researchers identified that project planning and project manager competencies largely determine the success of public projects [17]. Studies show that employee empowerment increases organizational commitment through job satisfaction [18]. Organizations that encourage employees to participate in environmentally friendly actions, such as sustainable resource management and other green initiatives, can create a culture that supports sustainability [19]. Other research highlights the role of commitment management in green innovation that affects organizational performance [20]. Another article also explores the role of organizational commitment as a mediator, which finds that organizational commitment has an effect on employee performance when working from home [21].

However, although many studies address the relationship between competence, organizational commitment, and sustainability, there is a gap in combining these variables in one integrated model. Some previous studies have focused more on the direct influence of competence or commitment on organizational performance without examining in more depth the role of organizational commitment as a mediating variable. Therefore, this research is needed with the addition of novelty of mediation variables to explore the impact of competence on organizational sustainability by considering the organization's commitment as the main mediator, which can provide new insights and significant contributions to the existing literature.

RESEARCH METHOD

This study uses a quantitative approach with the explanatory research method to examine the relationship between research variables, including competence, human resource development (HR), organizational commitment, and sustainability of BUMDESMA. The research sample includes the entire population of Joint Village-Owned Enterprises (BUMDESMA) in Jember Regency, consisting of 26 BUMDESMA. A total of 104 respondents were selected, consisting of core managers such as the chairman,

secretary, treasurer, and operational manager, who met the criteria of at least one year of work experience, managerial positions, and direct involvement in the management of BUMDESMA. Data was collected using a structured questionnaire with a 5-point Likert scale, where answer choices ranged from "strongly disagree" to "strongly agree." The data collection process is carried out through direct distribution of questionnaires to respondents, questionnaire-based interviews to ensure a comprehensive understanding. Data analysis was carried out using SmartPLS 4 software for Partial Least Squares Structural Equation Modeling (PLS-SEM). This method was chosen because of its ability to handle complex latent variable relationship models, data that is not normally distributed, and small sample sizes. The analysis is carried out through testing the outer model to evaluate the validity and reliability of the construct. Inner model testing was carried out to identify relationships between latent variables, using path coefficients, p-values, and R^2 to evaluate the significance of the relationship and the predictive ability of the model. The results of this analysis are expected to provide practical recommendations to support the operational sustainability of BUMDESMA.

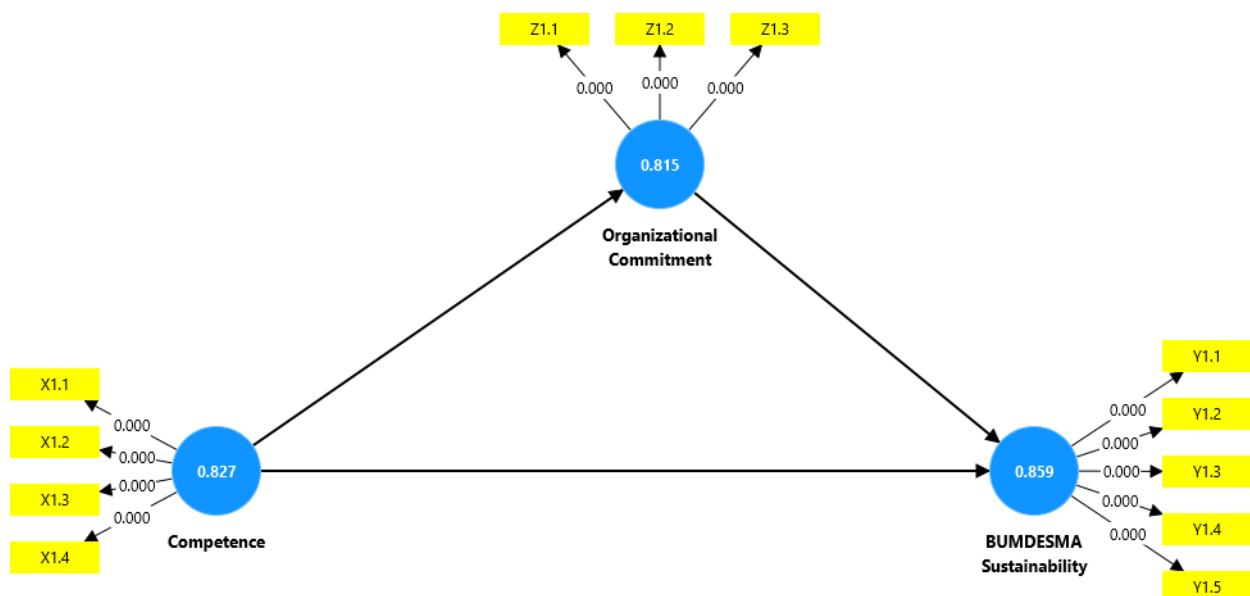


Figure 1. Outer Model Result

Based on the results of the outer model analysis, the indicators on the latent variable showed a significant contribution with a p-value of 0.000, indicating the high validity of the construct used. The Cronbach's Alpha (CA) value of each latent variable showed excellent results, with a value of 0.827 for Competence, 0.815 for Organizational Commitment, and 0.859 for BUMDESMA Sustainability. This CA value indicates that the indicators used have high internal consistency in representing each latent variable. These results also show that the construct has sufficient reliability to accurately measure the relationship between latent variables. Thus, the outer model can be concluded to meet the validity and reliability criteria to continue testing the inner model.

RESULTS AND DISCUSSION

Results

The results of this study present an analysis of the relationship between competency variables, human resource development, organizational commitment, and sustainability of BUMDESMA using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach through SmartPLS 4 software. Testing involves evaluating the outer model to ensure the validity and reliability of the construct, as well as the inner model to measure the relationship between latent variables. This analysis aims to explain how human resource competence and development directly or indirectly through organizational commitment affect the sustainability of BUMDESMA. With this approach, the results obtained not only provide an empirical picture of the relationship between variables, but also offer practical insights to improve organizational sustainability through strengthening competencies and commitment.

Table 1. Inner model result.

Path	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Competence -> BUMDESMA_ Sustainability	0.670	0.659	0.096	6.999	0.000
Competence -> Organizational_ Commitment	0.704	0.699	0.092	7.658	0.000
Organizational_ Commitment -> BUMDESMA_ Sustainability	0.318	0.328	0.101	3.159	0.002
Competence -> Organizational_ Commitment -> BUMDESMA_ Sustainability	0.224	0.232	0.086	2.616	0.009

Source: Data Processed by Researchers (2024)

The results of the inner model analysis in this study show that competence has a significant direct influence on the sustainability of BUMDESMA with an original sample value (O) of 0.670, T-statistics of 6.999, and p-value of 0.000, which confirms that competence is the main factor in supporting organizational sustainability. In addition, competence also had a significant effect on organizational commitment with an O value of 0.704, T-statistics of 7.658, and p-value of 0.000, indicating that competence plays an important role in increasing individual attachment and loyalty to the organization. Organizational commitment itself has a positive influence on the sustainability of

BUMDESMA with an O value of 0.318, T-statistics of 3.159, and a p-value of 0.002, which shows that organizational commitment supports sustainability through the emotional and normative contribution of managers. The mediating effect of organizational commitment on the relationship between competence and sustainability of BUMDESMA is also significant with an O value of 0.224, T-statistics of 2.616, and p-value of 0.009, which confirms the important role of organizational commitment in strengthening this relationship. These findings emphasize the importance of improving organizational competence and commitment to achieve optimal operational sustainability.

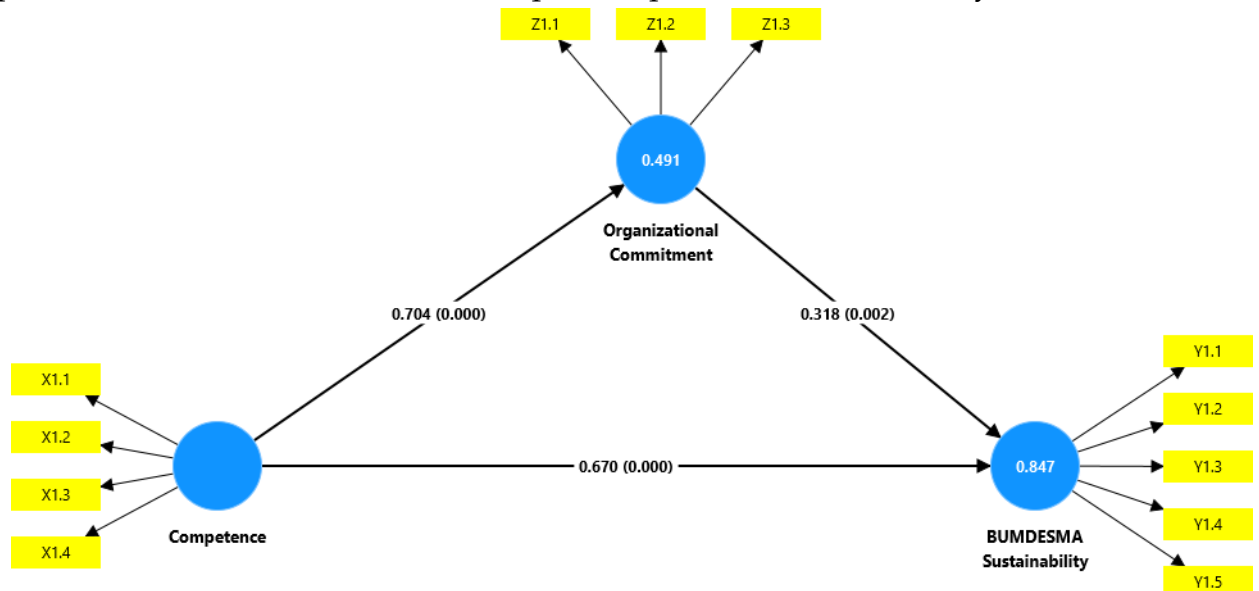


Figure 2. Path analysis results.

Based on the results of the analysis, the adjusted R^2 value shows the model's ability to explain the variation of dependent variables influenced by independent variables. For the latent variable Organizational Commitment, the adjusted R^2 value of 0.491 shows that 49.1% of the variation in organizational commitment can be explained by competence as an independent variable. As for the BUMDESMA Sustainability variable, an adjusted R^2 value of 0.847 shows that 84.7% of the variation in BUMDESMA sustainability can be explained by the competence and commitment of the organization together. The high adjusted R^2 value in BUMDESMA Sustainability shows that the model has excellent predictive power, especially in explaining the relationship between competence, organizational commitment, and BUMDESMA sustainability. These findings indicate the importance of the role of organizational competence and commitment in supporting optimal operational sustainability.

Discussion

The findings of this study emphasize the significant role of competence and organizational commitment in achieving BUMDESMA sustainability, highlighting their intertwined relationships. Competence, as the core driver of organizational success, directly influences sustainability with a high effect size ($O = 0.670$, $p = 0.000$). This indicates that skilled human resources are essential for identifying opportunities, managing resources effectively, and responding to dynamic challenges in the economic,

social, and environmental dimensions [22]. This supports prior research suggesting that technical and managerial expertise enable organizations to develop innovative strategies and enhance competitiveness [12]. The capacity to adapt to external changes, including global economic and technological shifts, further reinforces the argument that competent managers are the backbone of organizational resilience [11].

Organizational commitment plays an equally critical role, both as a direct outcome of competence and as a mediating variable in this study. The strong relationship between competence and organizational commitment ($O = 0.704$, $p = 0.000$) corroborates existing studies indicating that skilled employees are more likely to exhibit loyalty and emotional attachment to their organizations [13]. This finding is consistent with the perspective that employee commitment, when rooted in competence, leads to higher engagement and alignment with organizational goals [20]. Moreover, the mediating role of organizational commitment ($O = 0.224$, $p = 0.009$) underscores its significance in amplifying the impact of competence on sustainability. Organizations with strong commitment foster a culture of collaboration, shared vision, and proactive problem-solving, all of which are necessary to sustain operations and achieve long-term objectives.

The adjusted R^2 values provide further evidence of the explanatory power of the model. With 49.1% of the variation in organizational commitment explained by competence and 84.7% of the variation in sustainability explained by both competence and commitment, the findings highlight the robustness of the proposed framework. These results affirm the integrated role of individual skills and collective commitment in determining organizational outcomes. This aligns with studies suggesting that the sustainability of organizations like BUMDESMA depends on both managerial capacity and cohesive organizational behavior [5]. Additionally, the high R^2 value for sustainability emphasizes the importance of integrating economic, social, and environmental strategies to maintain competitiveness and relevance in the long term [6]. These findings offer practical implications for policymakers and stakeholders in Jember Regency. First, enhancing competence through structured training programs focusing on technical, managerial, and strategic skills is critical for addressing the unique challenges faced by BUMDESMA [1]. Second, fostering organizational commitment through transformational leadership, participative decision-making, and incentives aligned with long-term goals can strengthen the collective effort toward sustainability [15]. The findings also suggest that achieving sustainability requires a holistic approach that integrates human resource development with initiatives to strengthen organizational culture and commitment [19].

Furthermore, these results highlight the need for collaborative strategies that involve stakeholders from various sectors, including local governments, private institutions, and the community, to support BUMDESMA's sustainability. By leveraging local potential and empowering human resources, BUMDESMA can achieve sustainable economic growth and contribute to improving the welfare of rural communities [9]. However, future research should consider exploring additional variables such as technological innovation, funding accessibility, and external partnerships to provide a

more comprehensive understanding of sustainability drivers. Integrating these elements into the framework could further strengthen the predictive power of the model and offer actionable recommendations for enhancing the operational effectiveness of BUMDESMA in the context of rural economic development.

CONCLUSION

Fundamental Finding : This study reveals that competence and organizational commitment play a crucial role in the sustainability of BUMDESMA operations. The data confirms that competence has a direct and significant influence not only on organizational commitment but also on overall sustainability. Furthermore, commitment itself is shown to mediate the relationship between competence and sustainability, highlighting its function as a key internal mechanism in supporting long-term institutional performance. **Implication :** These findings have meaningful implications for practice, particularly for policymakers and development practitioners. There is a clear call for competency-based interventions that aim to improve managerial skills among BUMDESMA personnel. Additionally, fostering a shared sense of organizational commitment is essential for achieving long-term objectives. Designing training programs and capacity-building initiatives that address both competence and commitment can enhance BUMDESMA's ability to contribute effectively to rural economic development. **Limitation :** Despite its valuable insights, this study is constrained by its focus on a limited set of internal factors—namely competence, organizational commitment, and sustainability. It does not explore the potential impact of external influences such as technological advancements, the availability of funding, or broader market conditions, which could also significantly affect sustainability outcomes. **Future Research :** To deepen understanding of BUMDESMA sustainability, future research should incorporate these external dimensions. By integrating variables like innovation, access to financial resources, and shifting economic environments, future studies can construct a more holistic model that captures the multifaceted nature of sustainability in community-based enterprises.

REFERENCES

- [1] S. D. Elsi and F. Bafadhal, "Peningkatan Partisipasi Masyarakat Dalam Pengembangan Ekonomi Kreatif Melalui Bumdes Di Desa Tanjung Lanjut Sekernan Muaro Jambi," *Rambideun : Jurnal Pengabdian Kepada Masyarakat*, vol. 2, no. 2, Art. no. 2, Sep. 2019, doi: 10.51179/pkm.v2i2.187.
- [2] E. Triyo, H. Haryono, and I. Irwantoro, "Strategi Inovasi Badan Usaha Milik Desa (BUMDes) dalam Meningkatkan Potensi dan Kesejahteraan Ekonomi Masyarakat Desa (Studi pada BUMDes Mandiri, Desa Morobakung, Kecamatan Manyar, Kabupaten Gresik)," *Cakrawala*, vol. 14, no. 2, pp. 172–182, Dec. 2020, doi: 10.32781/cakrawala.v14i2.353.
- [3] T. Heryanto and A. Fermana, "Pemberdayaan Ekonomi Masyarakat Melalui Bumdes Tunas Mandiri Di Desa Cibulakan Cugenang Cianjur," *El-Ecosy : Jurnal Ekonomi dan Keuangan Islam*, vol. 2, no. 1, Art. no. 1, Mar. 2022, doi: 10.35194/eeki.v2i1.2016.

- [4] A. R. Syamsuri and J. Hutasuht, "Peningkatan Kapasitas Badan Usaha Milik Desa untuk Kesejahteraan Masyarakat," *Abdihaz: Jurnal Ilmiah Pengabdian pada Masyarakat*, vol. 2, no. 2, pp. 57–62, Dec. 2020, doi: 10.32663/abdihaz.v2i2.1370.
- [5] M. E. P. Sari and D. A. Pratiwi, "Inovasi Daerah Dalam Peningkatan Pelayanan Publik Di Kota Batam," *Jurnal Trias Politika*, vol. 5, no. 1, Art. no. 1, Jun. 2021, doi: 10.33373/jtp.v5i1.2874.
- [6] M. Salins, S. Mendon, and P. S. Aithal, "Sustainable Development Strategy through GRI with Reference to VEDANTA Company," May 19, 2019, *Social Science Research Network, Rochester, NY*: 3390627. Accessed: Dec. 15, 2024. [Online]. Available: <https://papers.ssrn.com/abstract=3390627>
- [7] J. Mensah, "Sustainable development: Meaning, history, principles, pillars, and implications for human action: Literature review," *Cogent Social Sciences*, vol. 5, no. 1, p. 1653531, Jan. 2019, doi: 10.1080/23311886.2019.1653531.
- [8] R. Ifebri, H. Sjafitri, and H. Mayasari, "Sinergisitas Unsur Masyarakat Dalam Mendorong Potensi Usaha Nagari Berbasis Teknologi Dan Modal Sosial Di Nagari Andaleh, Kec. Batipuh Kabupaten Tanah Datar," *Community Engagement and Emergence Journal (CEEJ)*, vol. 2, no. 3, Art. no. 3, Nov. 2021, doi: 10.37385/ceej.v2i3.286.
- [9] P. A. Wahyuningtyas, S. Supeno, D. D. S. Ningrum, D. Arianingrum, and G. E. L. Qodriyah, "Pengembangan Pojok Literasi Berbasis Potensi Alam di Desa Kamal Kecamatan Arjasa Kabupaten Jember Jawa timur," *Jurnal Inovasi Penelitian dan Pengabdian Masyarakat*, vol. 2, no. 2, Art. no. 2, Dec. 2022, doi: 10.53621/jippmas.v2i2.157.
- [10] J. S. Medah and W. Santosa, "Business Model Analysis of Joint Village-Owned Enterprises In The Service of The Needs of The Village Community," *Eduvest - Journal of Universal Studies*, vol. 3, no. 1, pp. 225–245, Jan. 2023, doi: 10.59188/eduvest.v3i1.729.
- [11] S. V. Shet and V. Pereira, "Proposed managerial competencies for Industry 4.0 – Implications for social sustainability," *Technological Forecasting and Social Change*, vol. 173, p. 121080, Dec. 2021, doi: 10.1016/j.techfore.2021.121080.
- [12] T. Sudrajat, M. D. Priadi, Y. Yuniarsih, and R. D. Sari, "Comparative Analysis of The Establishment of Village-Owned Business Enterprises in Karawang and Bogor Regency: Policy, Organization and Business Dimensions," presented at the 5th Open Society Conference (OSC 2023), Atlantis Press, Nov. 2023, pp. 44–59. doi: 10.2991/978-94-6463-290-3_5.
- [13] F. A. Fazzari, I. Juwitaningrum, and A. Wulandari, "Pengaruh Komitmen Organisasi terhadap Kesiapan Berubah pada Karyawan Geoff Max Footwear.co di Kota Bandung," *Jurnal Psikologi Insight*, 2023, doi: 10.17509/insight.v5i2.62794.
- [14] S. A. Pramono, "Peranan Keberlanjutan Energi: Meminimalkan Dampak Negatif Pembangkit Energi Terhadap Lingkungan dan Kesehatan," *Jurnal Sains dan Teknologi*, vol. 6, no. 1, pp. 1–8, May 2024, doi: 10.55338/saintek.v6i1.3102.
- [15] G. G. Robbani, K. Kholil, and T. Sukwika, "Pengaruh Kepemimpinan Transformasional dan Komitmen Organisasi terhadap Kinerja Staf Fraksi PKS DPR RI," *jamr*, vol. 1, no. 2, pp. 128–137, Dec. 2021, doi: 10.36441/jamr.v1i2.370.
- [16] I. J. Ismail, "Entrepreneurs' competencies and sustainability of small and

- medium enterprises in Tanzania. A mediating effect of entrepreneurial innovations," *Cogent Business & Management*, vol. 9, no. 1, p. 2111036, Dec. 2022, doi: 10.1080/23311975.2022.2111036.
- [17] M. Irfan *et al.*, "Role of Project Planning and Project Manager Competencies on Public Sector Project Success," *Sustainability*, vol. 13, no. 3, Art. no. 3, Jan. 2021, doi: 10.3390/su13031421.
- [18] N. AlKahtani *et al.*, "Impact of employee empowerment on organizational commitment through job satisfaction in four and five stars hotel industry," *Management Science Letters*, vol. 11, no. 3, pp. 813–822, 2021.
- [19] S. Y. Malik *et al.*, "Corporate Social Responsibility, Green Human Resources Management, and Sustainable Performance: Is Organizational Citizenship Behavior towards Environment the Missing Link?," *Sustainability*, vol. 13, no. 3, Art. no. 3, Jan. 2021, doi: 10.3390/su13031044.
- [20] R. R. Ahmed, W. Akbar, M. Aijaz, Z. A. Channar, F. Ahmed, and V. Parmar, "The role of green innovation on environmental and organizational performance: Moderation of human resource practices and management commitment," *Heliyon*, vol. 9, no. 1, Jan. 2023, doi: 10.1016/j.heliyon.2022.e12679.
- [21] A. Azmy, "Effect of Compensation and Organizational Commitment on Employee Performance During WFH at Digital Company," *Jurnal Economia*, vol. 18, no. 1, Art. no. 1, Apr. 2022, doi: 10.21831/economia.v18i1.44949.
- [22] E. Hidayati, A. Sofyan, D. Poernomo, and Supranoto, "Building Sustainable Village- Owned Enterprises: The Institutional Change of Microfinance in Banyuwangi Regency," *kss*, vol. 8, no. 17, pp. 304–323, Oct. 2023, doi: 10.18502/kss.v8i17.14123.

Daris Surahmah

Muhammadiyah University of Jember, Indonesia
