

The Influence of Organizational Capability on the Development of Village-Owned Enterprise Business Models

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ABSTRACT

One aspect of organizational resources is Human Resources (HR). Human resource development programs are very important in an organization to improve employee performance, because development can encourage the self-quality of existing employees. One of the variables that can be used in developing human resources is to understand Organizational Capability. Organization Capability is useful for developers of Village-Owned Enterprises (TVEs) can carry out their business processes well, so that TVEs can grow and develop. There are three things in understanding Organizational Capability, namely: Social Capital, Human Capital, and Intellectual Capital. Social Capital has a role in facilitating access to wider information sources and improving the quality, relevance and timeliness of information. Human Capital is defined as the knowledge, skills and abilities that reside with an individual and are utilized by the individual. Meanwhile, Intellectual Capital is conceptualized as knowledge to determine organizational capabilities. This type of research is explanatory with a quantitative approach. The research location was carried out at 9 TVEs in Wonosalam District, Jombang Regency with 32 TVEs administrators as respondents. The research results show that Intellectual Capital, Social Capital, and Human Capital have a significant simultaneous influence on the TVEs Business Model.

Keywords: Organizational Capability; Business Model; Township; Village Enterprises

INTRODUCTION

Resources are something important and very necessary in an organization. One aspect of organizational resources is Human Resources (HR). Good human resources will result in increased productivity and performance of an organization. Human resource management is part of management science which is more specifically applied to human resources (Rumawas, 2018) . Human Resources are currently progressively taking a major part in the achievements of an organization. Many organizations understand that the human component in an association can provide excellence, they create goals, techniques, progress, and achieve hierarchical goals (Rintjap et al., 2021) . Human resource development is needed in order to improve employees' technical and conceptual abilities in developing the organization.

Human resource development programs are very important in an organization to make employee performance better, because development can encourage the self-quality of existing employees (Rintjap et al., 2021) . Human resource management is needed to influence the performance of employees in the organization, not only operational employees but also includes managerial levels in the company. Therefore, the higher the development of human resources, the better the employee performance and vice versa, the lower the development of human resources, the weaker the employee performance in the organization. (Amstrong, 1997) states that human

resource development is related to the availability of learning opportunities and development, creating training programs which include planning, organizing and evaluating these programs.

One variable that can be used in developing human resources is to understand organizational capability. Organization capability is useful so that TVEs developers can carry out their business processes well, so that TVEs can grow and develop. There are three things in understanding organizational capability, namely: social capital, human capital, and intellectual capital. Social capital has a role in facilitating access to wider sources of information and improving the quality, relevance and timeliness of information (Adler & Kwon, 2002) . These conditions allow individuals to increase their knowledge through daily interactions with coworkers (Cabello-Medina et al., 2011) . Furthermore, high social capital can also increase human capital (Cabello-Medina et al., 2011) .

Human capital is defined as knowledge, skills and abilities that reside with individuals and are utilized by individuals (Subramaniam & Youndt, 2005) . Research (Cabello-Medina et al., 2011) shows that human capital has a direct and positive effect on company innovation. Human capital and intellectual capital are the forms that form the basis of innovation and both have potential interactions (Cabello-Medina et al., 2011) . Intellectual capital is conceptualized as knowledge to determine organizational capabilities (Nahapiet & Goshal, 1998) . Zhang et al., (2017) show that intellectual capital can increase organizational capabilities both directly and indirectly in process innovation and increase understanding in developing capabilities.

Human resource development can be carried out in all organizations, one of which is in village organizations, namely Village-Owned Enterprises (TVEs). TVEs is a business organization owned by a village which includes economic activities such as community economic empowerment, micro, small and medium enterprises, tourism, cooperatives and others. The basis of TVEs is to strengthen the economy at the village level in order to realize general welfare based on services and village potential needs to be formed through joint efforts based on the principle of kinship. The complexity of developing and managing TVEs is also felt by the people of Jombang Regency with various complex problems. Many villages in Jombang Regency are confused about realizing their work programs for village development. Villages face various problems that cannot yet be resolved, such as the difficulty of determining the TVEs business model in running their business. On the other hand, quite a few village businesses that have been formed have actually stalled. Many people just create it but are confused about how to move because they don't have a clear business model. So far, village people have felt worried when they want to form a village business because of negative thoughts about losses. This is because, in general, villages do not have a future concept regarding the village development business model they have created, especially regarding the development of TVEs.

This research was conducted in Wonosalam District, Jombang Regency, involving TVEs in the district. Wonosalam District was chosen because Wonosalam District has a variety of potential, ranging from economic potential to tourism. Wonosalam District was also chosen because this district received special attention and priority programs from the Jombang Regency Government in the context of improving the economy. Apart from that, Wonosalam District is the district that has the largest area with an area of 121.63 Km² and has 9 villages and 43 hamlets. (Central Statistics Agency, 2019) . This research will investigate the influence of Organizational

Capability on the development of TVEs business models in Wonosalam District, Jombang Regency.

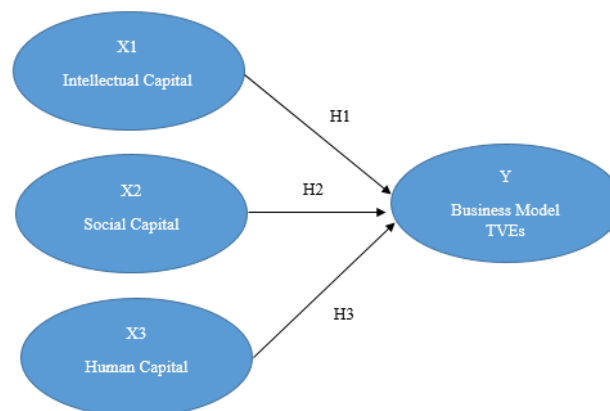
METHOD

This type of research uses explanatory research with a quantitative approach method. According to (Sugiyono, 2017) explanatory research is a research method used to define the location of research variables and the relationship of influence between the independent variable and the dependent variable in a hypothesis. Based on the method used, this research uses measurements in the form of numbers and statistical analysis of parameter values to obtain conclusions (Bairagi & Maousami, 2019). Quantitative research adheres to a positivistic understanding, namely an understanding that assumes that in every event or incident there are different elements and can change from one observation to another. These elements are referred to as variables. There can be so many variables in an event that it is impossible to observe all of these variables. Therefore, quantitative research only focuses research on a few variables that are considered important or relevant.

This research was conducted in 9 TVEs in Wonosalam District, Jombang Regency. The number of respondents in this research was 32 TVEs administrators. The sampling technique for this research was simple random sampling. This technique is sampling by giving each research unit or element of the population an equal opportunity to be selected as a sample. The independent variables in this research are intellectual capital (X1), social capital (X2), and human capital (X3) while the dependent variable is TVEs BMC (Y). The analytical tool in this research is to use the Partial Test to determine the influence of Organizational Capability on BMC TVEs using SPSS 25.0 software. This research uses the coefficient of determination to find out how much the independent variable can explain the dependent variable. The coefficient of determination has a value between 0 and 1, with the rule that the closer to 1.

Research Conceptual Framework

The conceptual framework in this research is presented in the following figure.



Source: Results processed by researchers (2023)

Figure 1 Conceptual Framework of Research

RESULTS AND DISCUSSION

1. Validity test

The first step taken in conducting data analysis is a validity test. The purpose of conducting a validity test is to measure whether an instrument in the questionnaire is valid or not. If an instrument has a high validity coefficient then the instrument can be said to be valid. In this research, an item has conditions to be said to be valid, these conditions are if $r_{count} > r_{table}$ then the statement items from the questionnaire are valid. The r table value obtained from the r distribution table with alpha 5% and $df = n - 2 = 32 - 2 = 30$ is 0.349. The reliability test is a measure of the stability and consistency of respondents in answering matters related to questions which are a variable and are arranged in one form of questionnaire. Based on the results of the analysis, it is known that the Cronbach's Alpha reliability coefficient value is above 0.60, meaning it is reliable, so the research instrument has met the reliable criteria.

2. Normality Assumption Test

The normality assumption test in this study used the Kolmogorov Smirnov Test (KS). The test results are displayed as follows:

Table 1 Normality Assumption Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residuals
N		32
Normal Parameters ^{a, b}	Mean	.0000000
	Std. Deviation	2.09389536
Most Extreme Differences	Absolute	.154
	Positive	.154
	Negative	-.104
Statistical Tests		.154
Asymp. Sig. (2-tailed)		.051 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: SPSS Output (2023)

Based on the normality test results presented in the table above, it can be concluded that the normality assumption for the regression model to be studied has been fulfilled, this is shown by Sig. of 0.051 is greater than 0.05.

3. Multicollinearity Assumption Test

The purpose of carrying out the multicollinearity test is to test whether there is a correlation between independent variables. It is said that there is a correlation between independent variables

if the tolerance value is smaller than 0.10 and if the VIF value is more than 10 then this value is an indicator of multicollinearity.

Table 2 Multicollinearity Assumption Test Results
Coefficients ^a

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
X1	0.290	3,444
X2	0.324	3,087
X3	0.319	3,131

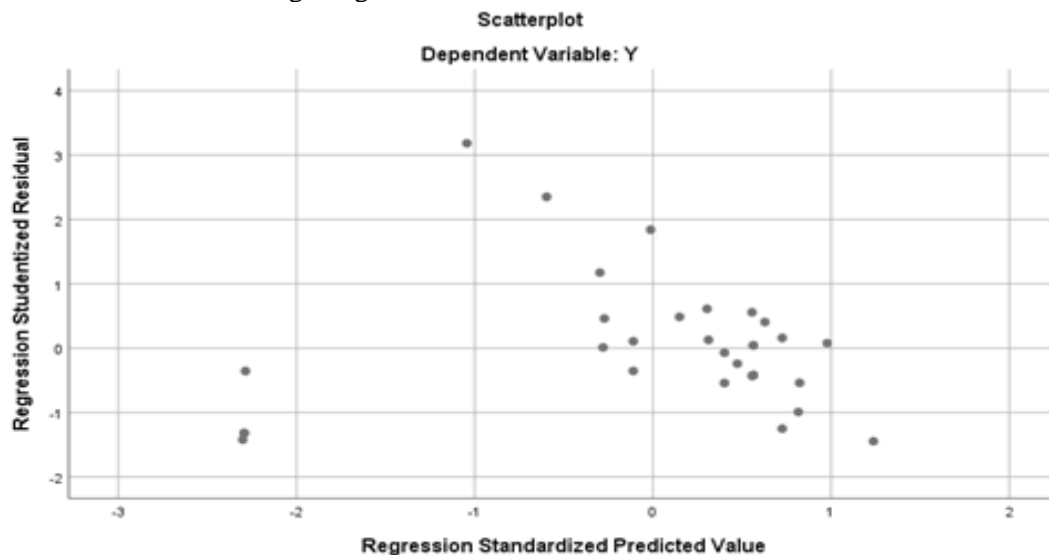
a. Dependent Variable: Y

Source: Source: SPSS Output (2023)

Based on the table above, it can be concluded that there is no multicollinearity found in the regression model that will be formed, because all the independent variables involved in the regression model have a Tolerance value greater than 0.10 and a VIF value less than 10.

4. Heteroscedasticity Assumption Test

The heteroscedasticity test uses the scatter plot method as a method for detecting heteroscedasticity. This method can be done by plotting the ZPRED value (predicted value) with SRESID (residual value). If the points are distributed randomly and do not form a pattern, it can be concluded that the regression model is free from heteroscedasticity problems. The test results can be seen in the following image:



Source: SPSS Output (2023)

Figure 2 Heteroscedasticity Scatterplot Graph

In the scatter plot graph above, it can be seen that the points are distributed randomly and do not form a pattern. This result shows that the regression model to be formed is free from heteroscedasticity.

5. Multiple Linear Regression

The regression equation that will be formed is as follows:

$$Y = + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Table 3 Results of Multiple Linear Regression Testing
Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	,862	3,577		,241	,811
X1	1,174	,487	,347	2,410	.023
X2	1,209	,474	,347	2,551	.016
X3	,755	,355	,292	2,129	,042

a. Dependent Variable: Y

Source: SPSS Output (2023)

The multiple linear regression equation that explains the influence of Intellectual Capital, Social Capital and Human Capital on BMC TVEs is as follows:

$$Y = 0.862 + 1.174 X_1 + 1.209 X_2 + 0.755 X_3 + e$$

Based on the equation above, it is known that Intellectual Capital and Social Capital have a positive regression coefficient, where the higher the Intellectual Capital, Social Capital and Human Capital, the higher the BMC of TVEs.

6. t Test (Partial)

The influence of Intellectual Capital, Social Capital and Human Capital on BMC TVEs can be partially determined using the t test. If probability $p < 0.05$ then H_0 is rejected, if probability $p \geq 0.05$ then H_0 is accepted.

Table 4 Results of Partial Hypothesis Testing (t Test) Influence
of Intellectual Capital on BMC TVEs

Model	t _{count}	t _{table}	p	α	Decision	Conclusion
$X_1 \rightarrow Y$	2,410	2,048	0.023	0.05	H_0 was rejected	Significant

Source: Processed SPSS output (2023)

Based on the table above, information is obtained that the probability value (p) is 0.023 and the tcount value is 2.410. The p value ($0.023 < 0.05$) or tcount ($2.410 > t_{table} (2.048)$) so that H_0

is rejected, then with a confidence level of 95% it can be decided to reject H_0 , which means that Intellectual Capital (X_1) has a partially significant effect on BMC TVEs (Y). This is in accordance with research conducted by Sari et al., (2022) which explains that the results of testing intellectual capital on company value, which is the output of the company's business model, has a significant effect.

Table 5 Results of Partial Hypothesis Testing (t Test) Influence of Social Capital on BMC TVEs

Model	t _{count}	t _{table}	p	α	Decision	Conclusion
$X_2 \rightarrow Y$	2,551	2,048	0.016	0.05	H_0 was rejected	Significant

Source: Processed SPSS output (2023)

Based on the table above, information is obtained that the probability value (p) is 0.016 and the t_{count} value is 2.551. The p value ($0.016 < 0.05$) or the value of t_{count} ($2.551 > t_{table}$ (2.048)) so that H_0 is rejected, then with a confidence level of 95% it can be decided to reject H_0 which means that Social Capital (X_2) has a partially significant effect on BMC TVEs (Y). This is in accordance with research conducted by Ginting et al., (2020) which explains that the results of testing social capital on sustainable competitive advantage, which has a significant influence on the TVEs business model.

Table 6 Results of Partial Hypothesis Testing (t Test) Influence of Human Capital on TVEs BMC

Model	t _{count}	t _{table}	p	α	Decision	Conclusion
$X_3 \rightarrow Y$	2,129	2,048	0.042	0.05	H_0 was rejected	Significant

Source: Processed SPSS output (2023)

Based on the table above, information is obtained that the probability value (p) is 0.042 and the t value is 2.129. The p value ($0.042 < 0.05$) or t_{count} ($2.129 > t_{table}$ (2.048)) so that H_0 is rejected, then with a confidence level of 95% it can be decided to reject H_0 , which means that Human Capital (X_3) has a partially significant effect on BMC TVEs (Y). This is in accordance with research conducted by Hasmirati & Akuba (2022) who explained that the results of their research were in line with the theory put forward by Starovic and Marr that the ability of business organizations to fulfill corporate routines and their structure supports employee efforts to produce optimal business performance. Testing human capital on company value, which is the output of the company's business model, has a significant effect.

7. Coefficient of Determination

This coefficient of determination is a value that explains the ability of the independent variable to explain the dependent variable. The test results are displayed in the following table 7.

Table 7 Coefficient of Determination
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,912 ^a	,832	,814	2.20321

a. Predictors: (Constant), X3, X2, X1

Source: SPSS Output (2023)

Based on the table above, information is obtained that the R² value obtained is 0.832 which shows the ability of the independent variable to explain the dependent variable or in other words Intellectual Capital (X1), Social Capital (X2) and Human Capital (X3) simultaneously contribute to the influence amounting to 83.2% of the BMC TVEs (Y), while (1-R²) the remaining 16.8% is the large contribution of influence provided by other variables that were not studied. The coefficient of determination value of 83.2% is in the 80%–100% interval with a very strong level of influence. Thus, Intellectual Capital (X1), Social Capital (X2) and Human Capital (X3) have a very strong influence on BMC TVEs (Y).

Discussion

1. Descriptive Analysis Results

The discussion of the results of this descriptive analysis aims to understand the concept of each variable used as a research reference. According to the research data that has been carried out and processed, a discussion of each variable can be obtained, namely Intellectual Capital (X1), Social Capital (X2), Human Capital (X3), and BMC TVEs (Y).

2. Intellectual Capital Variable (X1)

The average value obtained from respondents' answers regarding Intellectual Capital (X1) is 4.14 which is located in the class interval $> 3.4 - 4.2$ which is in the high category which means that the average respondent feels Intellectual Capital is quite good /support. This research is also supported by previous research from Susandya (2019) who conducted green intellectual capital research on the competitive advantages of TVEs Intaran-Sanur which produced study results that Green Human Capital, Green Relational Capital, and Green Structural Capital were able to influence the competitive advantage of TVEs Intaran-Sanur by 26.7%. Then Agustiwati & Rifai (2021) researched the relationship between intellectual capital and financial performance in TVEs, Banten District, Bengkalis Regency, found that intellectual capital in the management of TVEs Panjang Sejahtera, Banten District, was 37.59. It has the highest variable, namely relational capital, which shows the attitude of TVEs administrators and leaders who help each other, have good cooperation with business entities to develop TVEs.

3. Social Capital Variable (X2)

The average value obtained from respondents' answers regarding Social Capital (X2) is 4.05 which is located in the class interval $> 3.4 - 4.2$ which is in the high category which means that the average respondent feels that Social Capital is quite good /support. This research is also supported by previous research from Adawiyah (2018) which was found from the results of research in the field regarding the Development Strategy for Village-Owned Enterprises (TVEs) Based on Social Capital Aspects (Study at TVEs Surya Sejahtera, Kedungturi Village, Taman District, Sidoarjo Regency) has carried out organizational development very well supported by social capital aspects.

4. Human Capital Variable (X3)

The average value obtained from respondents' answers regarding Human Capital (X3) is 4.27 which is located in the class interval $> 4.2 - 5$ which is in the very high category, which means that the average respondent feels that Human Capital is good/ support. This research is also supported by previous research from Hidayat, * 2022) which resulted in research that all variables tested for human capital for TVEs in the research found significant results.

5. TVEs BMC Variable (Y)

The average value obtained from respondents' answers regarding TVEs BMC (Y) is 4.16 which is located in the class interval $> 3.4 - 4.2$ which is in the high category, which means that the average respondent feels that TVEs BMC is adequate. good/supportive. This research is also supported by previous research from Hafizha & Hari (2023), which found that the results of 9 BMC elements were beneficial for TVEs.

CONCLUSION

Based on the analysis that has been carried out, the results show that Intellectual Capital has a significant effect on the BMC of TVEs, so that the better the Intellectual Capital, the better the development of the TVEs business model in Wonosalam District. Furthermore, it is known that the results of Social Capital have a significant effect on the BMC of TVEs, so that the better Social Capital is carried out in TVEs, Wonosalam District, the better the development of the TVEs business model in Wonosalam District. Furthermore, it is known that Human Capital has a significant influence on the BMC of TVEs, so that the better the Human Capital, the greater the development of the business model in the Wonosalam sub-district TVEs. The conclusion of this research based on the analysis that has been carried out is that there are results that Intellectual Capital, Social Capital and Human Capital have a significant effect simultaneously on TVEs BMC.

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