

The Effect of Transformational Leadership on Village Owned Enterprises (BUMDes) Program on Community Welfare with Community Participation as a Moderating Variable in 30 Villages of Banjarnegara Regency

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ABSTRACT

Leadership is an important thing needed by organizational management to achieve common goals. Leadership is also needed in the Village Owned Enterprise (BUMDes) program. This study aims to analyze the effect of transformational leadership on the Village Owned Enterprise (BUMDes) program on community welfare with community participation as a moderating variable. This study uses a quantitative approach. The study was conducted in 30 villages in Banjarnegara Regency. Sampling in this study using convenience sampling technique. The data of this study were obtained from questionnaires filled out by respondents. The data analysis technique used is simple regression analysis and Moderated Regression Analysis (MRA). The results of this study indicate that transformational leadership has a negative effect on people's welfare. Community participation is not a moderator in terms of the relationship between transformational leadership and community well-being. The conclusion of this study is that the leadership of the Village Head in BUMDes is more active in order to provide welfare for the community. In addition, more active community participation is needed to welcome the Village Head in managing BUMDes.

Keywords: transformational leadership, community welfare, community participation, BUMDes (Village Owned Enterprise)

1. Introduction

Leadership is one of the important factors in management to achieve the goals of an organization. The concept of leadership emerged since humans have the desire to gather and cooperate (Robbins & Coulter, 2016). One of the theories about leadership is transformational leadership theory. According to Yukl and Lepsinger (2005) transformational leadership can be seen from the high commitment, motivation and trust of subordinates so that they see the organizational goals to be achieved more than just their personal interests. Leaders are obliged to direct the organization in a new direction or transformation (Locke, 1997). A leader who has a transformational style can usually change the situation, change what is a habit, discuss lofty goals, have reference values of

freedom, justice and equality. Transformational leadership has a significant impact on the success and dynamics of an organization (Rachmawati et al., 2021).

Transformational leadership has four components, namely ideal influence (charisma), individual consideration, intellectual stimulation, and inspirational motivation (Bass & Avolio, 1990). This transformational leadership is not only applied by company leaders but can also be applied to village head leadership. One application of transformational leadership is in the Village Owned Enterprise (BUMDes) program which is run in rural areas. BUMDes was formed in order to become a driving force for the village economy to support the improvement of the welfare of its citizens. Based on the mandate of Law no. 6 of 2014, BUMDes as an organization is expected to increase the village's original income and prosper the village community. In addition, the purpose of establishing BUMDes is to find leaders in the village who are charismatic and inspiring, create phenomena but remain cautious, arouse enthusiasm and respect in their interactions. Therefore, a village head is required to have transformational leadership capital before taking office (Rachmawati et al., 2021).

In this regard, BUMDes is expected to improve the welfare of rural communities. The existence of BUMDes can provide significant changes in the economic aspect (reducing unemployment, providing remuneration for BUMDes employees, providing additional Regional Original Income as much as 40% of the net proceeds of BUMDes, providing loans to the community in developing their business, mandatory savings for each Family Card) and social (the existence of BPJS assistance for the underprivileged, condolences, provision of wifi for every RW, funds for each mosque, community development, one house one latrine program, road infrastructure development, skills training, one Family Card one Bachelor program) improve community welfare (Arindhawati & Utami, 2020). The performance of BUMDes also has an influence on the welfare of rural communities (Montria et al., 2022). Thus, it is possible for BUMDes with transformational leadership to have an impact on the welfare of the community.

In addition to the role of the village head in managing BUMDes, program implementation or BUMDes also requires participation from the community in order to be able to strengthen the village economy. In realizing the objectives of the BUMDes program, awareness and active participation from the entire community are needed in supporting the success of BUMDes programs. The main requirement for the success of development programs in rural areas is to involve community participation (Nasution, 2009). Community participation is a factor that can affect people's welfare (Nestiti et al., 2022). This community participation shows community support in creating village development, not only supporting village development. The success of the implementation of the BUMDes program is motivated by the ability of village government officials and BUMDes managers, but also relates to efforts to realize the ability of the community to participate in the implementation of the BUMDes program. Thus, community participation can be a reinforcement for village heads in running BUMDes to provide community welfare.

Central Java Province is one of the provinces that has many problems in the BUMDes program. Several districts in Central Java still found many inactive BUMDes. One district that has the same problem is Banjarnegara Regency. According to the Department of Community Empowerment, Villages, Population and Civil Registration of Central Java Province (2022) Banjarnegara Regency consists of 266 villages, but only 5 BUMDes are active and developing. Many BUMDes are not active and do not develop in several villages in Banjarnegara, this affects village income which

will ultimately affect the welfare of the community. This can be seen from the leadership factor of the village head and community participation in BUMDes.

2. Literature Review

2.1 Transformational leadership

According to Northouse (2013) transformational leadership is pure leadership, meaning that this leadership is social and concerned with the common good. Transformational leaders put the interests of others ahead of their own. According to Rivai (2014) transformational leadership is a type of leadership that can direct established goals, guide or motivate followers by clarifying roles and task demands. This type of leader provides individualized consideration and intellectual stimulation, and who has charisma. Transformational leaders also increase followers' desire for achievement and self-development, while also promoting group and organizational development (Bass & Avolio, 1990). Transformational leadership is very appropriate in organizations that are in the process of making changes.

2.2 Community Participation

Community participation is the role of community members to channel their aspirations, thoughts, and interests in the administration of village government (Wafirotin & Septiviasuti, 2019). According to Goldsmith and Blustain in Winarto (2003) there are three reasons why people are moved to participate. First, the community participates through organizations that are already known or already exist in the community. Second, the participation can provide benefits to the community. Third, the benefits obtained can have an effect on the interests of the community concerned. Fourth, it is guaranteed that there will be direct supervision carried out by the community in the participation process. The implementation of development must be prioritized by involving the community so that the development implementation process is right on target, efficient and effective (Wafirotin & Septiviasuti, 2019).

2.3 Community Welfare

According to Friedlander (1961) social welfare is a system designed to help people to achieve a good standard of living and health. The level of welfare of the urban and rural communities is the same as the standard criteria for community welfare according to the Central Statistics Agency (BPS) namely income, consumption, living conditions, housing facilities, health of family members, ease of obtaining health services, ease of enrolling children in education, and ease of access to education. transportation facilitation.

2.4 Hypothesis and Research Model

H₁: Transformational leadership has a positive effect on people's welfare

H₂: Community participation moderates the relationship between transformational leadership and community welfare

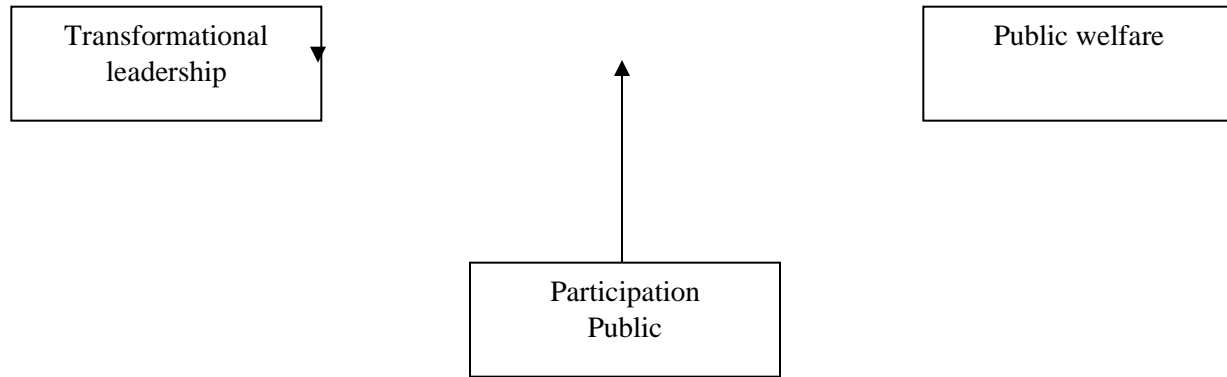


Figure 1. Research Model

3. Research Methodology

This research is a type of survey research with a descriptive quantitative discussion approach. This research data was obtained from distributing questionnaires or questionnaires to the research sample. The target population in this study were 30 village heads and communities in Banjarnegara. Sampling using convenience sampling. Data analysis techniques in this study include data quality tests (data validity and reliability), descriptive analysis, classical assumption test, simple regression test and Moderated Regression Analysis (MRA).

4. Results

4.1 Data Quality Test

The data quality test in this study includes validity and reliability tests. The validity test is to see whether the questionnaire used is valid, while the reliability test is to determine whether each item of the questionnaire is reliable.

4.1.1 Validity Test

This study uses the Pearson correlation test to see whether the questionnaire is valid or not. Based on the results of the Pearson correlation test, the questionnaire on community welfare variables, transformational leadership variables and community participation variables has an r-count value above $r\text{-table} = 0,3061$ ($N = 30, \alpha = 5\%$). Thus, it can be concluded that the questionnaire of all research variables is valid.

4.1.2 Reliability Test

Table 1. Reliability Test

No.	Variable	Cronbach Alpha's Value	umber of Statement Items
1	Community Welfare	0,828	10
2	Transformational Leadership	0,871	10
3	Community Participation	0,751	10

Source: Primary data processing results, 2022

Based on the reliability test listed in table 1, it can be seen that all research variables have Cronbach Alpha's values above 0.60. Therefore, it can be concluded that the research questionnaire can be said to be reliable.

4.2 Descriptive Analysis

This study conducted a descriptive analysis to see the characteristics of the research data in the form of a minimum value, maximum value, average and standard deviation. The results of the descriptive analysis are presented in table 2 below:

Table 2. Descriptive Analysis

Variable	N	Minimum Value	Maximum Value	Average	Standard Deviation
Community Welfare	30	35	50	44,900	3,994
Transformational Leadership	30	35	50	45,866	4,125
Community Participation	30	37	50	44,066	3,581

Source: Primary data processing results, 2022

Based on the results of descriptive analysis, it can be seen that all variables have an average value greater than the standard deviation value, so it can be concluded that the data of all variables has a good distribution.

4.3 Normality Test

Testing the normality of the data using the Kolmogorov-Smirnov (K-S) test. The test results can be seen in table 3 below:

Table 3. K-S . test

Description	Significance
Simple Linear Regression Equation	0,200
Moderation Equation	0,200

Source: Primary data processing results, 2022

The K-S test results show that the significance value is more than 0.05, so it can be concluded that the research data passes the normality assumption.

4.4 Multicollinearity Test

The multicollinearity test uses the tolerance value and the VIF value. The results of these two values are presented in table 4 below:

Table 4. Tolerance Value and VIF Value

Variable	Tolerance Value	VIF Value
Transformational Leadership	0,991	1,009
Community Participation	0,991	1,009

Source: Primary data processing results, 2022

The results of the multicollinearity test with the tolerance value and the VIF value can be seen that all variables have a tolerance value above 0.10 and a VIF value below 10. These results indicate that there are no symptoms of multicollinearity.

4.5 Heteroscedasticity Test

Heteroscedasticity test using Glejser test. The test results are presented in table 5 below:

Table 5. Glejser test

Description	Significance
Simple Linear Regression Equation	
Transformational Leadership	0,71
Moderation Equation	
Transformational Leadership	0,096
Community Participation	0,557

Source: Results of primary data processing, 2022

The results of the Glejser test obtained a significance value for the two equations in the study of more than 0.05, meaning that it was free from heteroscedasticity symptoms.

4.6 Hypothesis Test

Hypothesis testing in this study includes the F test, R-Square test and t test. The results are presented in table 6 below:

Table 6. Hypothesis Test

Description	t-table	Significance
Simple Linear Regression Equation		
Transformational Leadership	-2,688	0,012
Significance Level	: 0,05	
F-count	: 0,012	
Adjusted R-Squared	: 0,177	
Moderation Equation		
Transformational Leadership	-1,093	0,284
Community Participation	-0,873	0,390
Interaction	0,943	0,355
Significance Level	: 0,05	
F-count	: 0,41	
Adjusted R-Squared	: 0,183	

Source: Results of primary data processing, 2022

Based on the hypothesis test, it can be seen that the influence of transformational leadership on people's welfare has a t-count = -2.688 > t-table = 1.70113 with a negative direction and a significance value of 0.012 < 0.05, meaning that transformational leadership has a negative effect on people's welfare. Meanwhile, the moderating effect of community participation in the relationship between transformational leadership and community welfare obtained a value of t-count = 0.943 < t-table = 1.70113 with a positive direction and a significance value of 0.355 > 0.05, meaning that community participation was not able to moderate the relationship between transformational leadership and public welfare.

5. Discussion

5.1 The Effect of Transformational Leadership on Community Welfare

The results show that transformational leadership has a negative effect on people's welfare. This means that the transformational leadership of the Village Head in BUMDes actually reduces the welfare of the community. This is contrary to the research of Arindhawati and Utami (2020) which explains that the presence of BUMDes provides an increase in welfare to the community because it has an impact on changes in the economic and social aspects of society. In addition, it is not the same as the explanation of Sofyani et al., (2019) that the cause of the performance of BUMDes is one of the transformational leadership styles, which in turn has an impact on the welfare of the community. The cause of the transformational leadership of the Village Head in BUMDes in Banjarnegara Regency is that many BUMDes are inactive, thereby reducing the welfare of the community. Due to the presence of BUMDes, which is expected to increase PAD, it is actually a burden so that it is possible to reduce the allocation for social and economic activities.

5.2 Moderate Effect of Community Participation in the Relationship of Transformational Leadership with Community Welfare

The results showed that community participation was not able to moderate the relationship between transformational leadership and community welfare. That is, the presence of the community has no impact on the relationship. This result is different from the research by Nestiti et al., (2022) which explains that one of the factors that can affect the welfare of the community is community participation. There was no moderation of community participation in this study because many people in the village located in Banjarnegara Regency were not active in helping the running of the existing BUMDes. In addition, many BUMDes are also not actively managed. Therefore, reducing community participation even there is no community participation.

6. Conclusion

Based on the results of the study, it is concluded that first, transformational leadership has a negative effect on people's welfare. Second, community participation does not moderate the relationship between transformational leadership and community welfare. This result implies that a more active village head leadership is needed in BUMDes so that it has an impact on the welfare of the community. In addition, the Village Government can involve the community in the management of BUMDes with the aim of helping the progress of BUMDes. This study also has limitations, namely that it was carried out in 30 randomly selected villages that did not consider the existence of active BUMDes.

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