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The Influence of Interpersonal and Current Skills on The Performance of Village Owned Businesses in East Sumba Regency Through Good Corporate Governances

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Abstract: Since 2017, the existence of 140 BUM Desa in East Sumba Regency has not shown good performance as pillars of the people's economy. This is reflected in the still high poverty rate and weak production sectors which can stimulate village economic growth. The aim of the research is to analyze how much influence interpersonal skills and current skills have on organizational performance through good corporate governance. The research method uses quantitative descriptive analysis techniques based on secondary and primary data obtained through questionnaires with a Likert scale approach. The results of the analysis of 144 respondents in 30 active BUM Desa using SEM analysis and smart pls 4 show that hypothesis H1 is accepted, namely that interpersonal skills have a positive and significant effect on the implementation of good corporate governance with a t-value of 6.678 and a p-value of 0.000. H2 is accepted, namely that current skills have a positive and significant effect on the implementation of good corporate governance with a t-value of 4.823 and a p-value of 0.000. H3 is accepted, namely the implementation of good corporate governance has a positive and significant effect on performance with a t-value of 3.986 and a p-value of 0.000. H4 is accepted, namely interpersonal skills have a positive and significant effect on performance with a t-value of 3.665 and a p-value of 0.000. H5 is rejected because it has a t-value of 0.345 which is smaller than 1.96 and a p-value of 0.730 with a significance of 5%, namely that current skills have no effect on performance. The results of this study recommend the need for concrete efforts to improve the interpersonal abilities and skills of current administrators. Apart from that, it is necessary to better implement the principles of transparency and accountability to improve the performance of BUM Desa by prioritizing the economic independence of local communities.

Keyword: Interpersonal skill, Current skill, Good corporate governance, BUM Desa, East sumba

INTRODUCTION

Republic of Indonesia Government Regulation Number 11 of 2021 concerning Village Owned Businesses (BUM Desa) contains the noble values to realize social welfare for all Indonesian people. Najib *et al* (2019) and Hardilina *et al* (2022) said that the existence of BUM Desa should not only be seen from a corporate business perspective, but should also be seen as a local organization that acts as pillar of people's economy. However, some BUM Desa have not been able to carry out this mandate well and could be seen from the still high poverty rate, namely 13.10 percent of the poor live in rural areas, 7.89 percent live in city and 10.14 percent live between in citizen and village areas (BPS, 2022).

This explains the important role of human resources in improving organizational performance. Coppin (2017) defines human capital as the knowledge, skills, competencies and attributes that individuals must possess to ensure the sustainability of an organization. The most important thing about human capital is said by Robbins & Judge (2017) that a leader's interpersonal skills greatly determine the success of an organization, where the results of a survey of more than 2,100 CFOs in 20 industries show that the lack of these skills is the main reason why some employees fail to advance. A similar thing was also reported by Ullah *et al* (2022); Mulyaningtyas (2019); Rasidy *et al* (2020); Firmansyah *et al* (2022).

The problem for most BUM Desa in East Sumba Regency is how to align the aims and objectives of the organization with the condition of the human resources they have?. DPMD (2022) noted that in 2017 there were only 80 BUM Desa or 57.14 percent active. Meanwhile, the budget continues to be disbursed to build BUM Desa, namely in 2021 amounting to IDR 130,516,667,000,- with a realization of IDR 130,259,143,600,- or 99.80 percent. Apart from that, the village fund allocation (ADD) in 2021 was recorded at IDR 60,698,148,300,- with a realization of IDR 59,851,993,980,- or 98.61 percent. Robbins & Judge (2017) say that management skills are a way for managers to consider what should be done by looking at the skills or competencies that are "needed" to achieve their goals.

In addition, Hasibuan *et al* (2020) said performance management is a continuous process of identifying, measuring and developing individual and organizational performance. In line with Franceschini *et al* (2019) who explain that an ISO-9000 based quality management system should be directed at organizational control by considering all different aspects of quality, namely 1) human resources, 2) knowledge and technology, and 3) practices. work, methodology and procedures to achieve predetermined targets. BUM Desa "Manunggaling Kautaman" in Pendem village Solo is an example of BUM Desa management that has succeeded in developing businesses through the creative economy by exploiting local potential (webimar, 24/06/2022). However, on the one hand, Usman *et al* (2021) say that the human resources and physical capital of an organization can not run alone without being equipped with an appropriate management control system to mediate performance improvements. Ricardo (2022) said that Good Corporate Governance (GCG) can mediate performance improvement, namely regulating and accommodating the functions of the board of commissioners, directors, shareholders and other stakeholders in order to create a strong internal control culture. A similar thing was also reported by Monoarfa *et al* (2021); Sofyan *et al* (2022); Wulandari & Utami (2020); Siregar & Muslihah (2019).

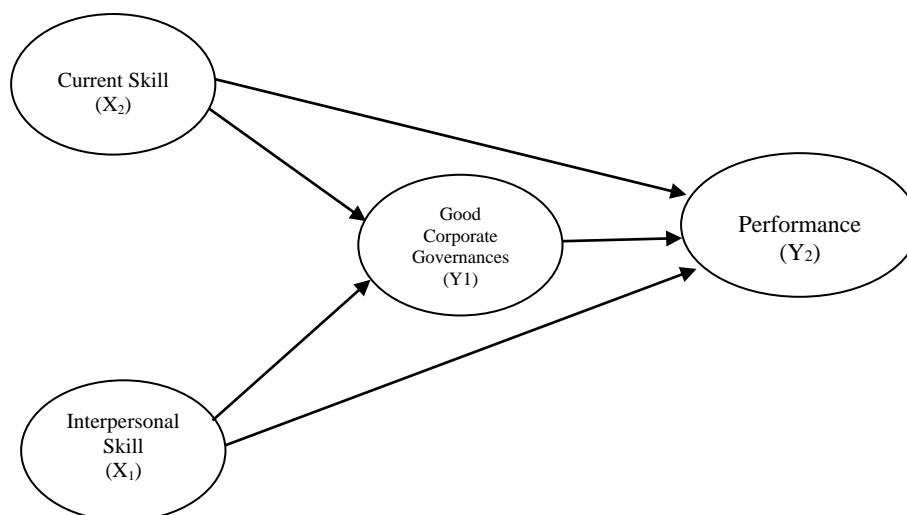
Based on this, it is important to carry out this research to improve the performance of BUM Desa in East Sumba Regency. Apart from that, the East Sumba Balitbangda also recommended the need to strengthen BUM Desa as the locomotive of the village economy to overcome farmer problems and poverty (Gunawan, 2022). There are five questions in this research, namely: 1) How big is the influence of interpersonal skills on the implementation of good corporate governance?, 2) How big is the influence of current skills on the implementation of good corporate governance?, 3) How big is the influence of the application of good corporate governance principles on increased performance?, 4) How big is the

influence of interpersonal skills on improving performance?, and 5) How big is the influence of current skills on improving performance?.

Robbins & Judge (2017) explain the role of executives in determining what they do in their work at the start of their career, namely based on Mintzberg's observations in C. Matheson (2009) that managers carry out 10 different roles that are very interconnected, related, or set of behaviors, and serves an important function in the organization, namely (1) interpersonal, (2) informational, or (3) decision. In interpersonal roles, all managers are required to perform ceremonial and symbolic tasks as well as leadership roles, such as hiring, training, motivating, and disciplining employees. Additionally, the role of liaison, or contacting and building relationships with others who provide valuable information. In an information role, all managers, to some degree, gather information from outside organizations and institutions, usually by scanning the news media and talking to others to learn about changes in public tastes, what competitors might be planning, and the like. Apart from that, managers also act as disseminators of information or act as channels for sending information to members of the organization. This explains the importance of mastering current skills to increase work productivity.

The main rationale related to the concept of Good Corporate Governance (GCG) is the process and mechanisms of corporate governance that are guided by statutory rules and policies as well as business ethics that support the creation of conducive business conditions, increase stakeholder trust and add value to the company in the long term (Putri & Ulupui, 2017; Wijaya & Wirawati, 2019; Gunawan, 2022). Apart from that, Badawi (2018) said that the correct application of GCG is a reflection of the company's responsiveness and accountability towards accountability to stakeholders, both internal and external. Kusmayadi *et al* (2015) said that there are 5 basic principles of GCG put forward by the OECD (Organization for Economic Cooperation & Development), namely accountability, transparency, independence, responsibility and fairness related to organizational performance.

This explains that the concept of Good Corporate Governance (GCG) plays a very important role in increasing the trust of interested parties (stakeholders), especially investors. However, this needs to be looked at very carefully because it could have an impact on economic and environmental destruction, as said by Prof. Sja'fjell about the "*triple failure*" which includes: 1) misinformation that prioritizes damaging shareholder interests, 2) more focus on externalization which has an impact on increasing social and environmental costs, and 3) narrow thinking about fulfilling interests wider society (Plessis & Low, 2017). The research hypothesis is structured as follows: H1: Interpersonal skills have a positive effect on the implementation of good corporate governance, H2: Current skills have a positive effect on the implementation of good corporate governance, H3: Application of good corporate governance principles has a positive effect on improving performance, H4: Interpersonal skills has a positive effect on increasing performance, and H5: Current skills have a positive effect on increasing performance.



Source: Research results report (2024)

Figure 1. Conceptual Framework

METHOD

This research is quantitative research based on an explanatory survey that analyzes the causality of the direction of the relationship between constructs, namely first, a) measuring how much interpersonal skills (X₁) are able to influence good corporate governance (Y₁) and b) measuring how much current skills (X₂) are able to influence good corporate governance (Y₁). Second, a) measure how much interpersonal skills (X₁) are able to influence performance (Y₂), b) measure how much current skills (X₂) are able to influence performance (Y₂), and c) measure how much good corporate governance (Y₁) is able to influence performance (Y₂) which in this situation, the construct of good corporate governance (Y₁) acts as an exogenous construct (X₃).

Variable measurement uses a combination of interval and ordinal scales (Hybrid Ordinally-Interval Scale) with a Likert scaling questionnaire, starting from strongly agree (SS), agree (S), neutral (N), disagree (TS) and strongly disagree (STS) . Apart from that, it is also equipped with options for age, gender, marital status, education level, occupation and work experience to get an idea of the respondent. Observations using time horizon are cross section/one shot from November 2023 to January 2024. The sampling technique uses a judgment sampling approach, that is, the sample elements selected are people who are experts in their field. Meanwhile, the data analysis technique uses the S.E.M (Structural Equation Modeling) analysis method which integrates empirical data analysis with theoretical construction which simultaneously evaluates measurement results and their components which are described in a hypothetical model.

Table 1. Operationalization of research variables

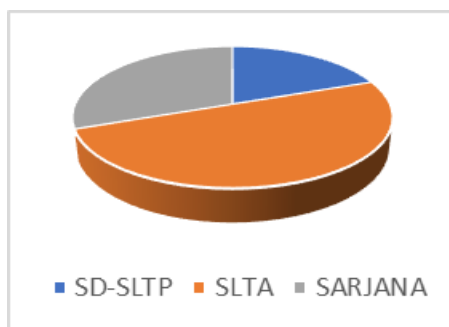
| Variables | Indicators | Source |
|---|--|--|
| Interpersonal Skill (X ₁) | The ability to understand others, express thoughts and feelings clearly, assert needs, influence others, give and receive input, resolve conflicts, and cooperate with others. | Stephen P. Robbins & Timothy A. Judge (2017) and Anggiani & Pakeh (2021) |
| Current Skill (X ₂) | Competence and ability to utilize information and communication technology. | Stephen P. Robbins & Timothy A. Judge (2017) and Coppin (2017) |
| Good Corporate Governance (Y ₁) | Implementation of the principles of transparency and accountability | Kusmayadi (2015) dan Ricardo (2022) |
| Performance (Y ₂) | The efficiency aspect includes monitoring the process of identifying activities, responsibilities and special indicators. | Franceschini <i>et al</i> (2019) and Aguinis (2014) |

RESULTS AND DISCUSSION

Description of Active BUM Desa in East Sumba Regency

East Sumba Regency is one of the districts located within the administrative region of East Nusa Tenggara Province with an area of 7000.50 ha (BPS, 2023). In 2017, the Regional Government facilitated the formation of 140 BUM Desa with the aim of improving the village economy. This has not gone well due to the low quality of human resources, low will and goodwill from management and stakeholders, frequent paradigmatic errors in management practices, low monitoring and accountability systems and a lack of mutually reinforcing partnership networks. Therefore, in 2022 organizational restructuring has been carried out and Village Regulations, Articles of Association and Bylaws have been established as guidelines for managing business entities. In 2023, 33 BUM Desa or 24 percent have been legalited entities, while the other 76 percent of BUM Desa are still in the process of obtaining legal entities at the Ministry of Villages (DPMD, 2023).

In general, most of the administrators are local people who work as farmers and ikat craftsmen. The description of the education level of the administrators can be explained as follows: a), 28 administrators with elementary-junior secondary education levels or 19.44 percent, b) 72 senior high school graduates or 50 percent, c) 44 graduates or 30.56 percent.



Graph 1. Level of Education for Active BUM Desa Management in East Sumba Regency

Source: Primary data (2024)

Apart from that, looking at the gender aspect, there are 102 male administrators or 70.83 percent and 42 female administrators or 29.17 percent. This illustrates that the role of male administrators still dominates the management of BUM Desa in East Sumba Regency.

Descriptive Statistical Analysis

Table 2 shows that constructs X_1 and X_2 have a mean value that exceeds the median value, meaning that the average respondent have good interpersonal skill and current skill. Likewise, constructs Y_1 and Y_2 also have a mean value that exceeds the median value, meaning that the average respondent is able to apply the principles of transparency and accountability well which has an impact on high performance.

Table 2. Mean, median and standard deviation data

| Name | Mean | Median | Scale min | Scale max | Observed min | Observed max | Standard deviation |
|-----------|-------|--------|-----------|-----------|--------------|--------------|--------------------|
| $X_{1.1}$ | 4.083 | 4.000 | 3.000 | 5.000 | 3.000 | 5.000 | 0.607 |
| $X_{1.2}$ | 4.090 | 4.000 | 3.000 | 5.000 | 3.000 | 5.000 | 0.539 |
| $X_{1.3}$ | 4.049 | 4.000 | 2.000 | 5.000 | 2.000 | 5.000 | 0.616 |
| $X_{1.4}$ | 4.090 | 4.000 | 2.000 | 5.000 | 2.000 | 5.000 | 0.666 |
| $X_{1.5}$ | 4.250 | 4.000 | 3.000 | 5.000 | 3.000 | 5.000 | 0.571 |
| $X_{1.6}$ | 4.132 | 4.000 | 3.000 | 5.000 | 3.000 | 5.000 | 0.568 |
| $X_{1.7}$ | 4.382 | 4.000 | 3.000 | 5.000 | 3.000 | 5.000 | 0.553 |

| | | | | | | | |
|------------------|-------|-------|-------|-------|-------|-------|-------|
| X ₂ | 4.014 | 4.000 | 2.000 | 5.000 | 2.000 | 5.000 | 0.726 |
| Y _{1.1} | 4.340 | 4.000 | 3.000 | 5.000 | 3.000 | 5.000 | 0.636 |
| Y _{1.2} | 4.458 | 4.000 | 3.000 | 5.000 | 3.000 | 5.000 | 0.564 |
| Y ₂ | 4.340 | 4.000 | 3.000 | 5.000 | 3.000 | 5.000 | 0.555 |

Source: Primary data (2024)

In addition, the standard deviation value shows data that tends to be homogeneous or less varied, which is indicated by a standard deviation value that is less than the average value of the table. This explains that the level of data distribution tends to be close to the mean value or the average of respondents answers tends to be the same, meaning that attitudes and behavior are related to how to understand other people, express thoughts and feelings, emphasize needs, influence other people, give and receive input, resolve conflicts, and They often collaborate with other people in managing BUM Desa.

Inferential Statistical Analysis

The results of the inner model analysis show a positive value of 1, meaning that there is a strong relationship and mutual influence on each construct which can be explained as follows: 1. The direct influence of X₁ on Y₁ is 1, which means that if X₁ increases by one unit, Y₁ can increase by 100% and this influence is positive. 2. The direct influence of X₂ on Y₁ is 1, which means that if X₂ increases by one unit, Y₁ can increase by 100% and this influence is positive. 3. The direct influence of Y₁ on Y₂ is 1, which means that if Y₁ increases by one unit, Y₂ can increase by 100% and this influence is positive. 4. The direct influence of X₁ on Y₂ is 1, which means that if X₁ increases by one unit, Y₂ can increase by 100% and this influence is positive. 5. The direct influence of X₂ on Y₂ is 1, which means that if X₂ increases by one unit, Y₂ can increase by 100% and this influence is positive. Apart from that, Figure 2 shows the specifications of the structural model which has a positive relationship between constructs and indicators, meaning that this research model is acceptable.

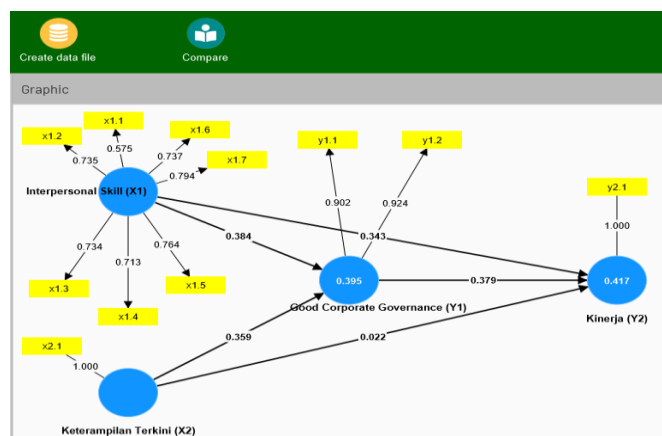


Figure 2. Structural Modeling Test

Source: Primary data (2024)

Evaluation of the Measurement Model (Outer Model)

The results of convergent validity testing show that the outer loadings value is above 0.7, which explains that the relationship between the indicators and the construct is strong, except for what happens to the X_{1.1} indicator which is less than 0.7, meaning there is a weak relationship. However, this result is still acceptable because it is in the value range above 0.5, namely 0.575 (Sarstedt et al., 2017; Ali, 2023).

Table 3. Outer Loadings Matrix

| | Good Corporate Governance (Y ₁) | Interpersonal Skill (X ₁) | Current Skill (X ₂) | Performance (Y ₂) | |
|------------------|---|---------------------------------------|---------------------------------|-------------------------------|-------|
| X _{1.1} | | 0.575 | | | Valid |
| X _{1.2} | | 0.735 | | | Valid |
| X _{1.3} | | 0.734 | | | Valid |
| X _{1.4} | | 0.713 | | | Valid |
| X _{1.5} | | 0.764 | | | Valid |
| X _{1.6} | | 0.737 | | | Valid |
| X _{1.7} | | 0.794 | | | Valid |
| X _{2.1} | | | 1.000 | | Valid |
| Y _{1.1} | 0.902 | | | | Valid |
| Y _{1.2} | 0.924 | | | | Valid |
| Y _{2.1} | | | | 1.000 | Valid |

Source: Primary data (2024)

Apart from that, the Average Variance Extracted (AVE) test shows an AVE value of more than 0.5, as shown in table 4, meaning that there is adequate and ideal convergent validity for each reflective construct.

Table 4. Average variance extracted (AVE) value

| | Average variance extracted (AVE) | |
|---|----------------------------------|-------|
| Good Corporate Governance (Y ₁) | 0.834 | Valid |
| Interpersonal skill (X ₁) | 0.525 | Valid |

Source: Primary data (2024)

It can be seen that the AVE value of construct Y₁ is 0.834 which explains that the two indicators, namely the principles of transparency (Y_{1.1}) and accountability (Y_{1.2}) are able to reflect construct Y₁ by 83.4 percent. Likewise, the AVE value of X₁ is 0.525, meaning that the seven indicators from X_{1.1} to X_{1.7} have an average ability to reflect the construct of 0.525 or 52.5 percent. The seven indicators are 1) the ability to understand other people, 2) express thoughts and feelings clearly, 3) assert our needs, 4) influence others, 5) give and receive input, 6) resolve conflicts, and 7) work together with other people.

The results of the discriminant validity test explain that there is a strong and credible discriminant validity value for each construct which is shown by an outer loading value that is greater than the cross loading value, meaning that the indicator statements are able to accurately express each construct represented and make a difference with other constructs. In addition, the measurement of the Fornell-Larcker criterion shows a construct square root value that is greater than the correlation value between the construct and other constructs, which explains the strong and significant differences displayed by the construct against other constructs.

Table 5. Fornell-Larcker Criteria Assessment (Fornell-Larcker criteria)

| | Good Corporate Governance (Y ₁) | Interpersonal Skill (X ₁) | Current Skill (X ₂) | Performance (Y ₂) | |
|---|---|---------------------------------------|---------------------------------|-------------------------------|-------|
| Good Corporate Governance (Y ₁) | 0.913 | | | | Valid |
| Interpersonal Skill (X ₁) | 0.538 | 0.725 | | | Valid |
| Current Skill (X ₂) | 0.524 | 0.428 | 1.000 | | Valid |
| Performance (Y ₂) | 0.575 | 0.556 | 0.367 | 1.000 | Valid |

Source: Primary data (2024)

In the first data column, it appears that the Good Corporate Governance (Y_1) construct has a value of 0.913 which is greater than the value of the other constructs, meaning that the Y_1 construct is able to make a difference or diversity of 0.913 or 91.3 percent compared to the other constructs. In the second data column, it appears that the interpersonal skill construct (X_1) is also able to make a difference of 0.725 or 72.5 percent with other constructs. Likewise, current skills (X_2) and performance (Y_2) are able to make a significant difference to other constructs, namely 1 or 100 percent.

On the other hand, the results of the Heterotrait–Monotrait Ratio (HTMT) assessment show a consistent level of difference between constructs, namely the HTMT value is less than 0.9, meaning that the construct is able to make good differences in the relationship between constructs (heterotrait) and within constructs (monotrait). For example, the relationship between X_1 dan Y_1 shows HTMT value is 0,603 is less than 0.9, meaning that the construct is able to make good differences in the relationship between constructs is 60,3 persen.

Table 6. Heterotrait–Monotrait Ratio (HTMT) Assessment

| | Good Corporate Governance (Y_1) | Interpersonal Skill (X_1) | Current Skill (X_2) | Performance (Y_2) | |
|-------------------------------------|-------------------------------------|-------------------------------|-------------------------|-----------------------|-------|
| Good Corporate Governance (Y_1) | | | | | |
| Interpersonal Skill (X_1) | 0.603 | | | | Valid |
| Current Skill (X_2) | 0.587 | 0.471 | | | Valid |
| Performance (Y_2) | 0.639 | 0.583 | 0.367 | | Valid |

Source: Primary data (2024)

Likewise, the correlation between X_2 and Y_1 is 0.587 and the correlation between Y_1 and Y_2 is 0.639, which has good convergent consistency. The same thing happens to the correlation of X_2 to X_1 of 0.471, the correlation of Y_2 to X_1 of 0.583, and the correlation of Y_2 to Y_1 , X_1 and X_2 . which has good convergent consistency. Apart from that, the internal consistency reliability assessment shows that Cronbach's alpha and composite reliability values are above 0.8, meaning that there is a consistent and strong relationship between indicators and constructs.

Table 7. Composite Validity and Reliability Values

| | Cronbach's alpha | Composite reliability (rho_a) | Composite reliability (rho_c) | Average variance extracted (AVE) | |
|-------------------------------------|------------------|-------------------------------|-------------------------------|----------------------------------|-------|
| Good Corporate Governance (Y_1) | 0.801 | 0.809 | 0.909 | 0.834 | Valid |
| Interpersonal Skill (X_1) | 0.851 | 0.867 | 0.885 | 0.525 | Valid |

Source: Primary data (2024)

Structural Model Evaluation (Inner Model)

Table 8 shows the construct VIF value is less than 5, meaning that there is a potential collinearity relationship that can be measured between latent variables X_1 , X_2 , Y_1 dan Y_2 . Hair *et al* (2014) said that checking potential collinearity between latent variables aims to estimate the model and avoid bias in measurement.

Table 8. Variance Inflation Factor (VIF) Values – Inner Model

| | | |
|--|-----|--|
| | VIF | |
|--|-----|--|

| | | |
|--|-------|-------|
| Good Corporate Governance (Y ₁) -> Performance (Y ₂) | 1.653 | Valid |
| Interpersonal Skill (X ₁) -> Good Corporate Governance (Y ₁) | 1.225 | Valid |
| Interpersonal Skill (X ₁) -> Performance (Y ₂) | 1.468 | Valid |
| Current Skill (X ₂) -> Good Corporate Governance (Y ₁) | 1.225 | Valid |
| Current Skill (X ₂) -> Performance (Y ₂) | 1.438 | Valid |

Source: Primary data (2024)

Apart from that, the R-square analysis shows a weak influence between X₁ and X₂ to Y₁ is 0,395 or 39,5 percent. However, this result is still acceptable because the exogenous variable is able to influence the endogenous variable as indicated by the R-square value being greater than the adjusted R-square value. Likewise what happens to the variables X₁, X₂ dan Y₁ (X₃) shows a weak influence is R-square Y₂ is 0,417 or 41,7 percent and adjusted R-square value is 0,404 or 40,4 percent. However, this result is still acceptable because the exogenous variables are jointly and simultaneously able to influence the endogenous variable as indicated by the R-square value being greater than the adjusted R-square value (Sarstedt *et al.*, 2017).

Table 9. R-square and adjusted R-square values

| | R-square | R-square adjusted | |
|---|----------|-------------------|-------|
| Good Corporate Governance (Y ₁) | 0.395 | 0.386 | Valid |
| Performance (Y ₂) | 0.417 | 0.404 | Valid |

Source: Primary data (2024)

On the other hand, the results of the Goodness of Fit (GoF) index assessment based on the Stone Geisser Q² value criteria show a value of 0.647, meaning that there is ideal predictive relevance in the model, namely the Q-square value is above 0. The calculation is carried out using the formula: $Q^2 = 1 - (1 - R_1^2)(1 - R_2^2) \dots (1 - R_p^2)$ or $Q^2 = 1 - (1 - R\text{-square } Y_1)(1 - R\text{-square } Y_2)$. Likewise, the results of the effect size (f²) assessment in table 4.10 show that the magnitude of the influence of the relationship between constructs X₁ and Y₁ is moderate or moderate at 0.199 and the relationship between X₂ and Y₁ is 0.174, which is moderate or moderate. Meanwhile, the relationship between X₁ and Y₂ is 0.137 and the relationship between X₃ (Y₁) and Y₂ is 0.149, which is small. However, the relationship between X₂ and Y₂ of 0.001 is considered to have no effect (Sarstedt *et al.*, 2017).

Table 10 F-square value

| | Good Corporate Governance (Y ₁) | Interpersonal Skill (X ₁) | Keterampilan Terkini (X ₂) | Kinerja (Y ₂) |
|---|---|---------------------------------------|--|---------------------------|
| Good Corporate Governance (Y ₁) | | | | 0.149 |
| Interpersonal Skill (X ₁) | 0.199 | | | 0.137 |
| Keterampilan Terkini (X ₂) | 0.174 | | | 0.001 |

Sumber : Hasil analisis data primer (2024)

Apart from that, direct effects analysis explains the existence of a strong relationship between constructs, where the path coefficients show values that tend to be close to +1, as shown in table 11 below:

Table 11. Path Coefficients Values

| | | | | |
|--------------------------------|--------------------------------|--------------------------|--------------------|------------------|
| | Good Corporate Governance (Y1) | Interpersonal Skill (X1) | Current Skill (X2) | Performance (Y2) |
| Good Corporate Governance (Y1) | | | | 0.379 |
| Interpersonal Skill (X1) | 0.384 | | | 0.343 |
| Current Skill (X2) | 0.359 | | | 0.022 |
| Performance (Y2) | | | | |

Source: Primary data (2024)

In sub structure 1, it appears that X₁ has a positive effect on Y₁, namely 0.384 or 38.4 percent. Likewise, X₂ has a positive effect on Y₁, namely 0.359 or 35.9 percent. Meanwhile, in sub structure 2, it appears that Y₁, which acts as construct X₃, has a positive effect on Y₂, namely 0.379 or 37.9 percent. Likewise, X₁ has a positive effect on Y₂, namely 0.343 or 34.3 percent, and X₂ has a positive effect on Y₂, namely 0.022 or 2.2 percent.

Data in table 12 explains that the relationship between X₁ and Y₁ has a strong (significant) influence and relationship between constructs as indicated by a statistical t value of greater than 1.96 (5% significance), namely 6.678 and a p value of less than 0.005. Likewise, the relationship between constructs X₂ and Y₁, the relationship between Y₁ and Y₂, the relationship between X₁ and Y₂ shows that there is a strong (significant) influence and relationship between the constructs. Meanwhile, the relationship between X₂ and Y₁ shows a t-value of 0.345 and a p-value of 0.730, meaning that the relationship has no influence and is not significant. Therefore, it is concluded that hypotheses H1 to H4 can be achieved and accepted, while H5 is rejected.

Table 12. Standard Deviation and T Statistics Values

| | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (O/STDEV) | P values |
|--|---------------------|-----------------|----------------------------|------------------------|----------|
| Good Corporate Governances (Y1) -> Kinerja (Y2) | 0.368 | 0.368 | 0.092 | 3.986 | 0.000 |
| Interpersonal skill (X1) -> Good Corporate Governances (Y1) | 0.407 | 0.417 | 0.061 | 6.678 | 0.000 |
| Interpersonal skill (X1) -> Kinerja (Y2) | 0.345 | 0.346 | 0.094 | 3.665 | 0.000 |
| Keterampilan terkini (X2) -> Good Corporate Governances (Y1) | 0.353 | 0.347 | 0.073 | 4.823 | 0.000 |
| Keterampilan terkini (X2) -> Kinerja (Y2) | 0.030 | 0.029 | 0.086 | 0.345 | 0.730 |

Source: Primary data (2024)

Discussion

Examining and analyzing how much influence interpersonal skills have on the implementation of good corporate governances in BUM Desa institutions in East Sumba Regency

Anggiani & Pakeh (2021) define interpersonal skills as a person's ability to communicate, where the person can recognize and respond well to several aspects, such as feelings, attitudes and behavior, motivation, and desires towards other people. The results of a survey conducted on 144 respondents in 30 active BUM Desa in East Sumba Regency showed that almost all administrators had good interpersonal skills, namely 127 respondents or 90 percent gave positive responses to the questionnaire, meaning that respondents agreed with the indicator statements that they often did. Meanwhile, 17 administrators or 10 percent of respondents did not do it often. This is also shown by the mean value of descriptive

statistics above 4 and the median value of 4 which explains that on average respondents agree with the questionnaire statements that they often do in their work routine.

Anggiani & Pakeh (2021) say this habit is "*Um Naasaibek*" which means attitudes and behavior are formed from our daily habits and over time, it is habits that shape us, where these habits are greatly influenced by emotions, motivation and thought patterns that develop accordingly. our reactions to every event over a period of time. Apart from that, the results of the outer loadings analysis show a value above 0.7 which explains the strong relationship between the construct and the research indicators. This is also confirmed by the results of the structural model test which shows that there is a direct influence from X_1 to Y_1 is one point, which means that if X_1 increases by one unit, Y_1 can increase by 100%. On the one hand, there is a problem indicated by the F-square value being "medium" or moderate, namely 0.199, which explains that construct X_1 is able to influence Y_1 by 0.199 or 19.9 percent.

On the other hand, R-square analysis shows a weak relationship between X_1 and X_2 which together or simultaneously influence Y_1 by 0.395 or 39.5 percent with an adjusted R-square value of 0.386 or 38.6 percent. However, this result is still acceptable because the exogenous variable is able to influence the endogenous variable as indicated by the R-square value being greater than the adjusted R-square value. The same thing is also shown by the direct effect value, namely the path coefficient of 0.384 or 38.4 percent which has positive significance. In addition, the t-value and p-value show influential and significant values which confirm that hypothesis H1 can be accepted, namely: interpersonal skills have a positive and significant influence on the implementation of good corporate governance in BUM Desa in East Sumba Regency.

The results of the observations revealed the fact that some of the BUM Desa management was not running well as a single work team. This can be seen in the lack of BUM Desa management activities and low work motivation. Respondent BJ/L/54 years old, director of BUM Desa "Duma Luri" in Watuhadang village said that they have a work program related to improving the economy but it has not been implemented. Therefore, the Regional Government, Villages and other stakeholders need to take strategic steps to improve the interpersonal skills of administrators, as is done by BUM Desa "Mbuhan Pahamu" Praibokul Village, Haharu District, where the Village Government has facilitated farmers in one forum development of processed peanut production managed by BUM Desa.

The BUM Desa "Harapan Baru" Pambotanjara village did something similar, namely initiating the development of the tourism sector as the village's superior product apart from farming and animal husbandry. (Robbins & Judge, 2017) said that interpersonal skills play an important role in determining the effectiveness of a manager, namely helping organizations attract and retain high-performing employees which is closely related to the quality of workplace relationships and job satisfaction, stress, and employee turnover.

Examining and analyzing how much influence current skills have on the implementation of good corporate governances in BUM Desa institutions in East Sumba Regency

Anggiani & Pakeh (2021) said that educational factors and past experiences shape a person's mindset in responding to an incident they face. The survey results of 144 respondents showed that the majority of respondents had good current skills, namely 100 people or 68 percent. Meanwhile, 41 people or 21 percent of respondents had quite good abilities and there were 3 respondents or 2.1 percent who still lacked mastery of the latest skills. This reality is in line with the F-square analysis of 0.174, meaning that the magnitude of the influence between variables X_2 and Y_1 is moderate, which explains that the current skills of the management have not strongly influenced good corporate governances.

Likewise, the R-square value is 0.395 or 39.5 percent, which shows a weak relationship between X_1 and X_2 which together influence Y_1 . However, this result is still acceptable because the R-square value is greater than the adjusted R-square value, which is 0.386 or 38.6 percent, meaning that X_2 is able to influence Y_1 . Therefore, strategic steps to improve the quality of current skills need special attention from the Regional Government, Villages and other stakeholders in order to optimize the management of BUM Desa according to the principles of good corporate governance. Apart from that, the analysis of the inner model and outer loadings shows a value above 0.7, namely 1 which explains the existence of a positive and strong relationship between constructs and indicators, meaning that if current skills (X_1) increase by one unit then the implementation of good corporate governances (Y_1) can increase by 100%. Meanwhile, the results of the direct effects analysis show that the path coefficient value has significance and a positive relationship of 0.359 or 35.9 percent. Apart from that, the t-value and p-value analysis shows an influential and significant relationship which confirms that hypothesis H2 can be accepted, namely: current skills have a positive influence on the implementation of good corporate governance at BUM Desa in East Sumba Regency.

The results of the statistical analysis above illustrate that there is hope for the progress of BUM Desa in East Sumba Regency. Although, on the one hand, there are still problems and obstacles that need to be addressed properly by the Regional Government, Villages and other stakeholders in order to optimize the management of BUM Desa. However, on the other hand, it shows that there are good opportunities, where the latest skills have a direct, positive and significant relationship to the implementation of good corporate governance.

Empirical data shows that the majority of administrators with a relatively low level of education tend not to have good up-to-date skills, such as respondent WM/L/ 55 years old, a commissioner who said that: "I have not been able to make good use of computer equipment to complete tasks, such as correspondence and I leave this matter to the staff to complete it". This explains the low willingness of management to adapt to the dynamics of changes that occur. In a short discussion, they (the administrators) realized their weaknesses and obstacles and understood their strengths, such as the potential for natural resources that have not been managed well to increase community and village income. The main problem lies in "how" and "who" should start it. Robbins & Judge (2017) explain management skills as a way for managers to consider what should be done by looking at the skills or competencies that are "needed" to achieve their goals. Apart from that, Hitt *et al* (2011) said that managing organizational behavior can be done by focusing on results, development, application of knowledge and skills. Therefore, strategic steps to improve managerial quality need special attention by determining the priority scale of needs to achieve effectiveness and efficiency in BUM Desa management. This is also useful for anticipating triple disruption threats and challenges which include digital disruption, pandemic disruption and millennial disruption.

Explicitly, the analysis above shows the space that the Regional Government can enter to further increase synergy between functions, both internal and external to BUM Desa. This can be done through an intensive mentoring pattern and building a mutually beneficial cooperation system (collaboration) with external parties (investors). The basis of this argument is in accordance with Ricardo's (2022) opinion that the variables of participation, transparency, inclusion and compliance with rules also influence the implementation of good corporate governance. Apart from that, this also emphasizes the importance of having the latest skills in the management of BUM Desa to create a reliable work team (be a good team player). Hitt *et al* (2011) say individual factors, such as learning ability, self-organization, technical skills, personality characteristics, and personal values are important to increase organizational value and competitive advantage.

Examining and analyzing how much influence the application of the principles of good corporate governance has on improving the performance of BUM Desa in East Sumba Regency

Kusmayadi *et al* (2015) define Good Corporate Governance (GCG) as a set of systems that regulate and control a company to create added value for stakeholders. This explains the function and role of GCG as a tool that can encourage the implementation of clean, transparent and professional management work patterns in order to improve performance. The survey results of 144 respondents showed that the majority of administrators, namely 127 respondents or 90 percent, expressed a positive response to the implementation of the principles of transparency and accountability in the management of BUM Desa. Meanwhile, another 10 percent expressed doubt, meaning that this was not yet clearly visible in BUM Desa management practices.

The results of the outer loadings analysis show a value above 0.7 which explains the strong relationship between the construct and the indicators. This is also confirmed by the results of the structural model test which shows that there is a positive direct influence from Y_1 to Y_2 , namely 1, meaning that if the implementation of good corporate governance (Y_1) increases by one unit, performance (Y_2) can increase by 100 %. On the one hand, there is a problem which is indicated by the F-square value of 0.149, meaning that the magnitude of the influence between Y_1 and Y_2 is small. The same thing is also shown by the R-square of 0.147 or 14.7 percent which explains the existence of a weak relationship between X_1 , X_2 and Y_1 which together and simultaneously influence Y_2 . However, this result is still acceptable because the R-square value is greater than the adjusted R-square value, namely 0.404 or 40.4 percent, which means that variables X_1 , X_2 and Y_1 are able to jointly and simultaneously influence variable Y_2 . This also explains that variable Y_1 (good corporate governance) is able to mediate increased performance. Usman *et al* (2021) said that the human capital and physical capital factors of an organization cannot run alone without being equipped with an appropriate management control system to mediate performance improvements. Apart from that, the direct influence analysis shows a path coefficient value of 0.379 or 37.9 percent, meaning that the relationship between Y_1 and Y_2 has positive significance and is a strong relationship. Apart from that, t-value and p-value analysis shows that there is an influential and significant relationship which confirms that hypothesis H3 can be accepted, namely that the application of good corporate governance principles has a positive and significant effect on improving performance BUM Desa in East Sumba Regency.

In observation, it appears that the role of the Village Head as commissioner still dominates the newly formed management (reorganization). This takes into account the very minimal work experience in the management of BUM Desa which causes the implementation of the principles of transparency and accountability to not work well. Verhezen & Abeng (2022) explain that good corporate governance involves the function of monitoring and coaching top management where board members appointed by the owner function as guardians of an organization. This rationale underlies the need to strengthen good corporate governance in the institutional management of BUM Desa by improving the function of the board in the right direction. The most important thing from this theoretical argument is how to harmoniously connect human capital and good corporate governance itself. Therefore, strategic steps to improve the quality of good BUM Desa management need special attention from the Regional Government, Villages and other stakeholders, such as socialization and mentoring.

Hitt *et al* (2011) say that effective human resource management can improve company performance, such as Whole Foods Market which has done a number of things right, thus achieving great success. The interesting thing is the participatory approach which is called "workplace democracy" which gives authority and responsibility to each team member to

express themselves in planning and decision making. Apart from that, the compensation factor is an attraction in itself to achieve the aims and objectives above. Field findings show that the level of welfare of administrators is still very low, with the majority of administrators working as farmers and ikat craftsmen. Respondent BJ/L/53 years old, director of BUM Desa "Duma Luri" in Watuhadang village said that the economic life of many households was supported by the rice harvest and sales of ikat weaving, where they experienced a decline in sales turnover during the Covid-19 pandemic. This is increasingly difficult in situations of crop failure due to locust attacks and the lotus storm disaster in 2021 (Balitbangda, 2022).

The reality above shows the obstacles faced by management regarding the implementation of main tasks and functions. In a short discussion with the official in charge of the BUM Desa sector at the Community and Village Empowerment Service (DPMD), he said that this problem, namely low compensation, was the main cause of many administrators resigning from managing the old BUM Desa. This problematic situation really depends on the Village Government's policies which are adjusted to the ability to finance BUM Desa, as expressed by several respondents, namely: WM/L/55 years, a commissioner, that the amount of compensation for BUM Desa administrators is 30 percent of BUM Desa profits.

Examining and analyzing how much influence interpersonal skills have on improving the institutional performance of BUM Desa in East Sumba Regency

Robbins & Judge (2017) say that the interpersonal skills of a leader (manager) will be seen in training, motivating and carrying out effective communication to discipline employees and foster relationships. The survey results of 144 respondents showed that almost all administrators had good performance, of which 131 respondents or 90 percent gave positive responses with a score range above 75 to 100. Meanwhile, 13 respondents or 10 percent gave a neutral response with a score range above 50 to 75. This is related to X1.1 which has a low outer loadings value of 0.575, meaning there is a weak relationship between the construct and indicators, especially the ability to motivate other people. The results of observations and discussions found the fact that there were problems and threats to the management of BUM Desa, such as low management welfare and a lack of synergy and coordination between functions. Robbins & Judge (2017) say that leadership with good interpersonal skills really determines the success of an organization, where the lack of these skills is the main reason why some employees fail to progress.

Apart from that, the results of the structural model test show that there is a positive direct influence from X_1 on Y_2 , namely 1, meaning that if X_1 increases by one unit, Y_2 can increase by 100%. This explains the importance of efforts to improve the interpersonal skills of management, such as providing decent salaries to motivate work. Apart from that, the F-square analysis shows a value of 0.137 which explains the existence of moderate relationship between X_1 and Y_2 . Meanwhile, R-square analysis shows a weak relationship between X_1 , X_2 and Y_1 (X_3) which together and simultaneously influence Y_2 by 0.417 or 41.7 percent. However, this is still acceptable because the exogenous construct is able to influence the endogenous construct as indicated by the R-square value being greater than the adjusted R-square value, namely 0.404 or 40.4 percent. Another thing that is shown from the direct influence analysis is that the path coefficient value has a significance and strength of positive relationship of 0.343 or 34.3 percent. Apart from that, the t-value and p-value analysis shows that there is an influential and significant relationship which confirms that the H4 hypothesis can be accepted, namely: interpersonal skills have a positive effect on the performance of BUM Desa in East Sumba Regency.

The results of observations and discussions have found that there were problems and threats to the management of BUM Desa, such as low management welfare and a lack of

synergy and coordination between functions. Putra *et al* (2019) said that the increase in BUM Desa in quantity is not accompanied by an increase in quality, so it is necessary to carry out regular evaluations to improve the performance of BUM Desa. This explains the important role of Regional Government, Villages and other stakeholders in motivating the work of administrators, such as providing adequate salaries in accordance with labor regulations. Robbins & Judge (2017) say that leadership with good interpersonal skills determines the success of an organization, where the lack of these skills is the main reason why some employees fail to progress. In discussions with respondents, there were several BUM Desa that got around this problem by making the functions and roles of business field managers more effective, as seen in the organizational structure which only recruited 1 business manager to manage several business fields.

The most important thing in this study is what is the right strategy to build the BUM Desa institution into a corporation that can facilitate and support the economic growth and development of village communities. It was observed that there were local potentials that could be developed into a productive economic source for village communities, such as in Kadahang village, Haharu District, which has a very exotic beautiful beach. Likewise with Mondu village, Hambapraing village and Kuta village in the Kanatang District area which have charming marine tourism potential. Apart from that, the strength of these villages lies in one travel route in the same direction with adequate road infrastructure, making it easier for the Regional Government to design tourism management plans by synergizing the potential of these villages into high-value tourism products.

Examining and analyzing how much influence current skills have on improving the institutional performance of BUM Desa in East Sumba Regency

Coppin (2017) said that the human capital approach, such as knowledge, skills, competencies and attributes possessed by individuals, becomes an organization's competitive advantage. This explains the role of competent BUM Desa administrators as the main actors who determine the success and sustainability of the organization. Survey data notes that the management of BUM Desa is dominated by administrators with a high school education level, namely 72 people or 50 percent. Meanwhile, there are 44 administrators with a bachelor's education level or 30.56 percent and 28 people with an elementary-high school education level or 19.44 percent. This empirical data shows the low level of human resource capital, namely that only 30.56 percent have higher education, while 69.44 percent of administrators are elementary to high school graduates. The same thing happens with the work experience aspect, where the majority of administrators have minimal work experience of less than 5 years, whether working outside BUM Desa or as administrators of BUM Desa. When referring to the results of descriptive statistical analysis, it can be said that the situation of low educational levels and minimal work experience is not an obstacle for the average respondent to have the latest skills and good performance as indicated by the mean value being greater than the median value.

The results of the structural model test show that there is a positive direct influence from This is also confirmed by the results of the outer model analysis which shows an outer loadings value of 1 which explains the strong relationship between the construct and research indicators. On the other hand, the results of discriminant validity testing explain that reflective indicators are really a good measure of the construct compared to other constructs, such as the outer loadings value which is greater than the cross loading value, meaning that the indicator statements contained in the questionnaire are able to accurately express each construct that is represented and makes a difference from other constructs. The same thing is shown by the results of the Fornell-Larcker analysis (Fornell-Larcker criterion) which has a construct square root value that is greater than the correlation value between the construct and

other constructs, which is 1. In addition, the Heterotrait–Monotrait Ratio (HTMT) analysis shows a significant level of difference. consistent between constructs, namely the HTMT value of 0.367 which explains the correlation is considered consistent making a difference of 36.7 percent which can differentiate it from other constructs.

The results of the inner model analysis show that there is no correlation between constructs, namely the construct VIF value is 1.438 which explains that there is a good and measurable potential collinearity relationship between latent variables X_2 and Y_2 . On the one hand, there are problems with the model's predictive ability, where the R-square analysis shows a weak influence, namely an R-square value of 0.417 or 41.7 percent and an adjusted R-square value of 0.404 or 40.4 percent. This result is still acceptable because the exogenous variables together and simultaneously are able to influence the endogenous variables as indicated by the R-square value being greater than the adjusted R-square value. On the other hand, the results of the Cross-Validated Redundancy (Q2) analysis show that the Goodness of Fit (GoF) index value based on the Stone Geisser Q2 value criteria is 0.647, meaning that there is ideal predictive relevance in the model, namely the Q-square value is above 0.

However, there is still a crucial problem with the F-square value of 0.001 which explains that construct X_2 is only able to influence construct Y_2 by 0.001 or 1 percent. Wong (2013) in Hidayat (2021) said that if the F-square value is less than 0.02 it is said to be small, the value of 0.15 is medium, the value of 0.35 is large and if there is an F-square value of less than 0.02 it can be ignored. or considered to have no effect. This condition is further complicated by the results of the direct effects analysis which shows a path coefficient value of 0.022 or 2.2 percent, where the direct relationship between constructs X_2 and Y_2 can be said to have no effect. In addition, the results of the bootstrapping analysis show a statistical t value of 0.345 which is smaller than 1.96 and a p value of 0.730 with a significance of 5% which confirms that hypothesis H5 is rejected, namely: current skills do not have a positive and significant effect on the institutional performance of BUM Desa in East Sumba.

Based on this, Regional Governments, Villages and other stakeholders need to take strategic and anticipatory steps towards problems and obstacles to further improve performance. Hitt *et al* (2011) say managers often experience failure when they fail to develop the insight and skills needed to work with other people effectively. This is closely related to the factor of minimal work experience, where BUM Desa administrators have relatively low work experience of less than five years of work, whether working outside BUM Desa or within BUM Desa. However, this problem can be solved with good formal studies, such as education and training or courses (Hitt *et al.*, 2011). Mulyaningtyas (2019) also said something similar that one way to improve the quality of human capital is to increase skills through learning experience. Rasidy *et al* (2020) explained that the "Bermarwah" BUM Desa in Tambang District, Kampar Regency, Riau Province, which has better human capital than other BUM Desa, can show better ability, competence, creativity and leadership in carrying out its duties while serving as BUM Desa administrator.

In discussions with several village residents and the Village Head, it appeared that the selection of BUM Desa management was heavily influenced by social and cultural factors as well as developments in the regional political climate which had an impact on the low quality of management recruitment. However, this problematic situation needs to be addressed carefully so that society's social capital is well maintained. Research results from the East Sumba Balitbangda (2022) report that the strength of farmers in facing poverty is by maintaining customs and culture, where in situations of complete shortage, they (farmers) never feel alone. This is clearly seen in marriage and death events, where the role of the "kabihu" (tribes in Sumbanese society) is very strong, mutually supporting one family and another within the sacredness of Marapu values, namely the original beliefs of the ancestors of the Sumbanese people.

CONCLUSION

The research results have provided an important understanding of the main issue that the existence of human resources has a strategic role in improving organizational performance, especially the BUM Desa institution in East Sumba Regency. In addition, the application of good corporate governance principles, especially transparency and accountability, has a direct influence on improving the performance of BUM Desa. This is based on the results of statistical analysis in the first modeling structure which proves that the interpersonal abilities and current skills of BUM Desa administrators have a positive and significant influence on the implementation of good corporate governance. Likewise, the second modeling structure proves that the BUM Desa management has implemented BUM Desa management in accordance with the principles of transparency and accountability which have a positive and significant impact on organizational performance. The same thing also happens to the relationship between management's interpersonal skills and performance which has a direct positive and significant influence. However, on the other hand, the results of the analysis also prove that the current skills factor does not have a direct effect on the institutional performance of BUM Desa.

Based on this, the Regional Government needs to design appropriate strategies to strengthen the capacity and competence of BUM Desa administrators to increase competitiveness in the dynamics of changes that are occurring. Apart from that, the Regional Government also needs to improve interpersonal skills and synergy between functions in managing BUM Desa through the implementation of good corporate governance which is closely related to emotions, work motivation and mindset. The main idea obtained from the results of this study is that Regional and Village Governments need to optimize the use of local potential which is a competitive advantage, such as human resources (HR) and natural resources to overcome the above problems and obstacles and increase power. competitiveness of BUM Desa. The first step that can be taken is to identify local potentials that can be developed into productive economic sources. The second step is to design a BUM Desa management plan based on the strengths of each village. The third step as a top strategy is that the Regional Government needs to connect and synergize local potentials into a systematic and sustainable regional economic development system.

This of course requires strong commitment and good intentions from all parties to improve the performance of BUM Desa by not degrading customs and culture as well as local wisdom which is still respected and implemented by local communities. An interesting lesson from this research is how we should understand the existence of BUM Desa itself, namely its presence must be able to encourage and make the community's economy independent, meaning that the main function of BUM Desa is as an empowerment agent and pillar and not as a form of neocolonialism that kills the village economy. Therefore, the existence of BUM Desa must be seen as a miniature village itself, meaning that all BUM Desa activities should involve community participation. This rationale is the basic reference and theoretical argument for the need for concrete efforts to improve the interpersonal skills and current skills of management with the aim of optimizing the performance of BUM Desa in East Sumba Regency through the implementation of good corporate governance. The key to success in developing villages is to strengthen the institutional role of BUM Desa.

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