

THE EFFECT OF CAPITAL, COMPETENCY, AND COMPENSATION TOWARDS COMMUNITY PARTICIPATION AND PERFORMANCE OF VILLAGE-OWNED ENTERPRISE IN DENPASAR CITY

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ABSTRACT: *The purpose of this study was to analyze and determine the effect of venture capital, competence, and compensation on community participation and the performance of village-owned enterprises in Denpasar. The data used in this study are primary data, namely by distributing questionnaires to the management of Village-Owned Enterprises in the City of Denpasar. The sample used in this study was 13 Village-Owned Enterprises in the City of Denpasar, using purposive sampling technique determination. Using panel data on the number of Village-Owned Enterprises in Denpasar City in 2015-2017, there were 52 samples. The analysis technique used in this study is path analysis. The results showed that business capital, competence, and compensation had a positive and significant effect on community participation. This shows that the more precise capital management is carried out, the increased competence of the managers of the Village Owned Enterprises and the corresponding compensation given, the community participation in the Village Owned Enterprise program will be even higher. Business capital, competence, and compensation have no effect on the performance of village-owned enterprises. Community participation has a positive and significant effect on the performance of village-owned enterprises. This shows the higher community participation, it will improve the performance of Village-Owned Enterprises.*

Keywords: *capital, competence, compensation, community participation, performance, Village-Owned Enterprises*

I. INTRODUCTION

To increase community participation, the existence of capital in a business entity is something that is very important. Capital becomes something very important in running a business for the community in relation to who will fund a business entity. According to Cahya Ningsih (2015) capital has a significant effect on employment where it is associated with the community who will participate. The existence of appropriate business capital will be able to increase community participation that is so high in the activities of the Village-Owned Enterprise that has been running smoothly.

According to Wibowo (2007: 110) competence is the ability to carry out or carry out a job or task based on skills and knowledge and is supported by the work attitude required by the job. Thus, competence shows the skills or knowledge that are characterized by professionalism in a particular field.

The competence of a good manager of a Village-Owned Enterprise is expected to increase professionalism and commitment in developing the business of a Village-Owned Enterprise so that the community will be more involved in the effort to develop a Village-Owned Enterprise. Where community participation is needed because community participation is needed in the management of Village-Owned Enterprises so that the output of the activities of Village-Owned Enterprises can be fully enjoyed by the community. Village development policies need to be improved, especially through developing human resource competencies that encourage rural community initiatives and self-sufficiency to produce, as well as process and market their products, while creating jobs (Beratha in Latif 2014).

Community participation according to Isbandi (2007: 27) is community participation in the process of identifying problems and potential that exists in the community, selecting and making decisions about alternative solutions to deal with problems, implementing efforts to overcome problems, and community involvement in the process of evaluating changes that occur. Compensation has a large relationship to community participation, where the better and clearer about rewards, salaries, or incentives received by managers and the community, the community participation will increase. The process of providing

compensation can create the ability to carry out good and directed tasks, and can work optimally. In its implementation to increase community participation in the development of the village economy through business groups, one of the strengthening is through compensation (Djafri and Badu, 2017)

The performance of Village-Owned Enterprises is largely determined by the business capital owned by Village-Owned Enterprises because the greater the owned venture capital will facilitate Village-Owned Enterprises to build business units. Supporting factors to improve the performance of Village-Owned Enterprises is to increase business capital. The strategy undertaken by the village government in an effort to improve the performance of Village-Owned Enterprises is to increase and manage business capital owned through the skills possessed by the village community. Where business capital is one of the factors that play an important role in determining the level of improvement in company performance (Abbas, 2018).

Performance is the result or achievement that is influenced by the company's operational activities in utilizing the available resources. Increased business performance is inseparable from the maximum competence of human resources for the activities or work done. Competence has a major contribution to the performance of Village-Owned Enterprises, the better the understanding / knowledge of good governance, training, methods used, and training facilities and technology, the performance of Village-Owned Enterprises will increase. Improving the competence of managers can create the ability to carry out good tasks, directed, and can work optimally.

Compensation is Compensation is a counter-achievement against the use of labor or services that have been provided by labor. Compensation as what the worker receives in exchange for his contribution to the organization. Compensation as an appropriate reward for an award that has been done by the manager and the community influences the Performance of a Village-Owned Enterprise. The way the Village-Owned Enterprise works is by accommodating the economic activities of the community in an institutional or business entity that is professionally managed, but still relies on the village's original potential. This can make community businesses more productive and effective (Zulkarnaen, 2016).

Community participation is community participation actively and responsibly in determining program implementation and organizational performance. Community participation is the main requirement for a business entity in facing competition and improving organizational performance. Community participation has a significant effect on the performance of the Social Security Organizing Agency (BPJS) of the City of Denpasar (Sumawidayani et al., 2017). This means that the more actively the community is directly involved in moving the economic sector of the village community through the government program of Village-Owned Enterprises, then the performance of the Village-Owned Enterprises itself will increase due to the influence of the Village-Owned Enterprises in driving the economic sector of the village community through community participation to the government, it becomes the government's priority to measure the extent of the success of the Village Owned Enterprise program.

The purpose of this study is:

- 1) To analyze the effect of venture capital, competence, and compensation on community participation in Denpasar City.
- 2) To analyze the effect of venture capital, competence, compensation, and community participation on the performance of Village-Owned Enterprises in Denpasar.
- 3) To determine community participation in mediating venture capital, competence, and compensation for the performance of Village-Owned Enterprises in the City of Denpasar.

The hypotheses that can be submitted in this study are:

- 1) Business capital, competence, and compensation affect community participation in the city of Denpasar.
- 2) Business capital, competence, compensation, and community participation affect the performance of Village-Owned Enterprises in the City of Denpasar.
- 3) Community participation is able to mediate business capital, competence, and compensation for the performance of Village-Owned Enterprises in the City of Denpasar.

II. METHODS

The location of the study was conducted in the city of Denpasar. This location was chosen because Denpasar City as the Capital of the Province of Bali also has villages and business entities whose community participation must be increased in order to support the performance of Village-Owned Enterprises and to improve community welfare.

In this study the population used was 13 Village-Owned Enterprises in the City of Denpasar. From 13 Village-Owned Enterprises, 4 respondents from each Village-Owned Enterprise will be selected so there will be 52 samples in this study. The sample in this study was chosen based on the number of managers present in the Village Owned Enterprises in the City of Denpasar, namely the Chairperson, Secretary, Treasurer, and Unit Head.

The data analysis technique used in this study is the path analysis technique. This analysis technique is used in testing the amount of contribution shown by the path coefficient on each path diagram of the causal relationship or the causal effect between exogenous variables to endogenous variables through intervening variables.

III. RESULTS AND DISCUSSION

To be able to compile the structural equation used, the data obtained are first processed and calculated using the SPSS program version 24.0 so that the results of the analysis are obtained as in Table 1 and Table 2.

Table 1 Results of Regression Path Analysis I Variable in Business Capital, Competence and Compensation for Community Participation

		Coefficients				
	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig
		B	Std. Error	Beta		
1	(Constant)	-,498	,470		-1,061	,294
	Modal	,273	,100	,232	2,744	,009
	Competence	,347	,095	,234	3,640	,001
	Compensation	,530	,065	,689	8,166	,000
a. Dependent Variable: Partisipasi Masyarakat						
R ₂ = 0,803 F = 65,045 F Sig = 0,000						

Primary Data, 2019

Based on the results of Table 1, the sub-structure 1 equation is as follows:

$$Y_2 = 0,125X_1 + 0,170X_2 + 0,004X_3 + 0,705 Y_1$$

$$\begin{aligned} e_1 &= \sqrt{1 - R_1^2} \\ &= \sqrt{1 - 0,803} \\ &= 0,443 \end{aligned}$$

To find out the value of e^2 which shows the variance in the performance of Village-Owned Enterprises that are not explained by the variables of venture capital, competence, compensation and community participation, then it is calculated using a formula.

$$\begin{aligned} e_2 &= \sqrt{1 - R_2^2} \\ &= \sqrt{1 - 0,732} \\ &= 0,517 \end{aligned}$$

To check the validity of the model, there are indicators for checking, namely the coefficient of determination of the total results as follows:

$$\begin{aligned} R_m^2 &= 1 - (e_1)^2 (e_2)^2 \\ &= 1 - (0,433)^2 (0,517)^2 \\ &= 1 - (0,187) (0,267) \\ &= 0,951 \end{aligned}$$

Information:

R²m = coefficient of total determination
e¹, e² = Standard estimated error value

The coefficient of total determination of 0.951 means that 95.1 percent of the variation in the performance of the Village-Owned Enterprises is influenced by the model formed by venture capital, competence, compensation and community participation while the remaining 4.9 percent is influenced by other variables outside the model formed.

Based on the description below in Table 3 it can be seen the value of the direct influence of capital on community participation of 0.232. The direct effect of competence on community participation was 0.234. The direct effect of compensation on community participation was 0.689 and the direct effect of community participation on the performance of Village-Owned Enterprises was 0.705.

Table 3 Results of Direct Effects, Indirect Effects and Total Effect Between Variables of Business Capital, Competence, Compensation, Community Participation, and Performance of Village-Owned Enterprises

Variable	Effect		Total
	Direct	Indirect	
X ₁ → Y ₁	0,232	-	0,232
X ₁ → Y ₂	0,125	0,163	0,288
X ₂ → Y ₁	0,234	-	0,234
X ₂ → Y ₂	0,170	0,164	0,334
X ₃ → Y ₁	0,689	-	0,689
X ₃ → Y ₂	0,004	0,485	0,489
Y ₁ → Y ₂	0,705	-	0,705

Primary Data, 2019

The direct effect of capital on the performance of Village-Owned Enterprises amounted to 0.125. The influence of competence on the performance of Village-Owned Enterprises amounted to 0.170. The direct effect of compensation on the performance of Village-Owned Enterprises is 0.004. The indirect effect of capital on the performance of Village-Owned Enterprises through community participation is 0.288. The indirect effect value of competence on the performance of Village-Owned Enterprises through community participation is 0.334. The value of the indirect effect of compensation on the performance of Village-Owned Enterprises through community participation is 0.489.

The indirect effect of capital on the performance of the Desired Entrepreneurs through community participation if $-1.96 \leq z \text{ arithmetic} \leq 1.96$ then H₀ is accepted. If $z \text{ arithmetic} < -1.96$ or $z \text{ arithmetic} > 1.96$ then H₀ is rejected which means community participation is an intervening variable.

$$\begin{aligned}
 S_{b1b5} &= \sqrt{\beta_7^2 S_{\beta_1}^2 + \beta_1^2 S_{\beta_7}^2} \\
 &= \sqrt{(0,469)^2(0,100)^2 + (0,273)^2(0,113)^2} \\
 &= \sqrt{(0,219)(0,01) + (0,074)(0,0127)} \\
 &= \sqrt{(0,002) + (0,0009)} \\
 &= \sqrt{0,0029} \\
 &= 0,053 \\
 Z &= \frac{\beta_1 \beta_7}{S_{\beta_1 \beta_7}} \\
 &= \frac{(0,273)(0,469)}{0,053} \\
 &= \frac{0,1280}{0,053} = 2,41
 \end{aligned}$$

Information:

β_1 = Regression coefficient of the effect of variable X₁ on Y₁

β_7 = Regression coefficient effect of the variable Y₁ on Y₂

S_{β_1} = Standard error of the regression coefficient of the variable X₁ to Y₁

S_{β_7} = Standard error of the variable regression coefficient Y₁ to Y₂

Based on the z count, which is $2.41 > 1.96$, H₀ is accepted and H₁ is rejected. This means that capital does not affect indirectly the performance of Village-Owned Enterprises through community participation.

The indirect effect of competence on the performance of Village-Owned Enterprises through community participation. If $-1.96 \leq z \text{ arithmetic} \leq 1.96$ then H₀ is accepted. If $z \text{ arithmetic} < -1.96$ or $z \text{ arithmetic} > 1.96$ then H₀ is rejected which means community participation is an intervening variable.

$$\begin{aligned}
 S_{\beta_2 \beta_5} &= \sqrt{\beta_7^2 S_{\beta_2}^2 + \beta_2^2 S_{\beta_7}^2} \\
 &= \sqrt{(0,469)^2(0,095)^2 + (0,347)^2(0,113)^2} \\
 &= \sqrt{(0,219)(0,009) + (0,120)(0,0127)} \\
 &= \sqrt{(0,0019) + (0,0015)} \\
 &= \sqrt{0,0034} \\
 &= 0,058 \\
 Z &= \frac{\beta_2 \beta_7}{S_{\beta_2 \beta_7}} \\
 &= \frac{(0,347)(0,469)}{0,058}
 \end{aligned}$$

$$= \frac{0,1627}{0,058} = 2,80$$

Information :

β_2 = Regression coefficient of the effect of variable X2 on Y1

β_7 = Regression coefficient effect of the variable Y1 on Y2

$S\beta$ = Standard error of the regression coefficient of the variable X2 to Y1

$S\beta_7$ = Standard error of the variable regression coefficient Y1 to Y2

Based on the z count, which is $2.80 > 1.96$, H_0 is rejected and H_1 is accepted. This means that competence has an indirect effect on the performance of village-owned enterprises through community participation.

The indirect effect of compensation on the performance of Village-Owned Enterprises through community participation if $-1.96 \leq z \text{ count} \leq 1.96$ then H_0 is accepted. If $z \text{ arithmetic} < -1.96$ or $z \text{ arithmetic} > 1.96$ then H_0 is rejected which means community participation is an intervening variable.

$$\begin{aligned} S\beta_2\beta_5 &= \sqrt{\beta_7^2 S_{\beta_3}^2 + \beta_3^2 S_{\beta_7}^2} \\ &= \sqrt{(0,469)^2(0,065)^2 + (0,530)^2(0,113)^2} \\ &= \sqrt{(0,219)(0,0042) + (0,280)(0,0127)} \\ &= \sqrt{(0,0009) + (0,0035)} \\ &= \sqrt{0,0044} \\ &= 0,0663 \\ Z &= \frac{\beta_3\beta_7}{S\beta_3\beta_7} \\ &= \frac{(0,530)(0,469)}{0,0663} \\ &= \frac{0,248}{0,0663} = 3,74 \end{aligned}$$

Information :

B_3 = Regression coefficient of the effect of variable X3 on Y1

B_7 = Regression coefficient effect of the variable Y1 on Y2

$S\beta_3$ = Standard error of the regression coefficient of the variable X3 to Y1

$S\beta_7$ = Standard error of the variable regression coefficient Y1 to Y2

Based on the z count that is equal to $3.74 > 1.96$ then H_0 is rejected and H_1 is accepted. This means that compensation has an indirect effect on the performance of village-owned enterprises through community participation.

Direct Effect of Business Capital on Community Participation.

Based on the analysis that has been done, the results obtained indicate the standardized coefficient beta of 0.232 and a significance value of $0.009 < 0.05$. This means that H_0 is rejected and H_1 is accepted, thus it can be concluded that capital has a positive and significant effect on community participation. If the capital owned by the Village Owned Enterprises increases it will increase community participation. F-Capital is a business factor that must be available before carrying out activities where the size of the capital will affect the development of the business in the achievement of income (Riyanto, 2001).

Where to increase community participation, the existence of capital used in the operation of Village-Owned Enterprises is something that is very important. Capital becomes something very important in running a business for the community in relation to who will fund a business entity. According to research conducted by Wardani (2014) capital has a positive and significant relationship to community participation. Capital has an important meaning in terms of the development and sustainability of Village-Owned Enterprises and to increase community participation.

Direct Effect of Competence on Community Participation.

Based on the analysis that has been done, the results obtained indicate the standardized coefficient beta of 0.234 and a significance value of $0.001 < 0.05$. This means that H_0 is rejected and H_1 is accepted, thus it can be concluded that competence has a positive and significant effect on community participation. If the competency of the manager of a Village-Owned Enterprise is improved, it will be able to increase community participation. The results of this study are consistent with research conducted by (Henny et al, 2013) which states that increasing the competence of local communities can encourage community participation in the preservation of resources based on the strength of existing cultural values, encouraging regional development, and improving the welfare of local communities.

Competence is a basic characteristic of every individual that includes aspects of knowledge, skills, and work attitudes that enable a person to provide superior performance in his work. Competency enhancement is very important to support the government in efforts to increase the productivity of Village-Owned

Enterprises. Increased competence of managers in running Village-Owned Enterprises is expected to be able to provide understanding and innovations to the community in developing Village-Owned Enterprises so that the public will increasingly trust to be able to participate directly in the Village-Owned Enterprises program. Therefore programs must be carried out in order to increase competence in order to increase the productivity of employee needs so that it will have a positive impact on community participation and can produce outputs (Abdul and Malik, 2012).

Village-Owned Enterprises must be managed professionally and independently so that people who have the skills, knowledge and ability to manage them are needed. At the end of the fiscal year period, the manager is required to prepare an accountability report to be submitted in the village discussion forum that presents elements of the Village Government, elements of the community as well as the entire organizational structure of the Village Owned Enterprises (Putri et al, 2016). The results of this study are in accordance with the formulation of the hypothesis which states that competence influences community participation in Denpasar City.

Direct Effect of Compensation on Community Participation.

Based on the analysis that has been done, the results obtained indicate the standardized coefficient beta value of 0.689 and a significance value of $0.000 < 0.05$. This means that H_0 is rejected and H_1 is accepted, thus it can be concluded that compensation has a positive and significant effect on community participation. If the compensation given increases, it will increase community participation.

Community participation according to Isbandi (2007: 27) is community participation in the process of identifying problems and potential that exists in the community, selecting and making decisions about alternative solutions to deal with problems, implementing efforts to overcome problems, and community involvement in the process of evaluating changes that occur. Compensation has a large relationship to community participation, where the better and clearer about rewards, salaries, or incentives received by managers and the community, the community participation will increase. The process of providing compensation can create the ability to carry out good and directed tasks, and work optimally. In its implementation to increase community participation in the development of the village economy through business groups one of the strengthening is done through the provision of compensation (Djafri and Badu, 2017)

Direct Effect of Business Capital on the Performance of Village-Owned Enterprises in Denpasar City.

Based on the analysis that has been done, the results obtained indicate the standardized coefficient beta value of 0.125 and a significance value of $0.249 > 0.05$. This means that H_0 is accepted and H_1 is rejected. Thus, the capital owned by the Village-Owned Enterprises does not affect the performance of the Village-Owned Enterprises. A positive and insignificant relationship between capital and the performance of Village-Owned Enterprises is because in managing Village-Owned Enterprises not only capital is needed but also the ability to manage that capital properly.

Capital is a very important factor and cannot be separated when running a business. The size of the capital also greatly determines the development of the business. The influence of capital on a business becomes the initial foundation of the business to be built because, even though the Village-Owned Enterprises have high venture capital, the poor management of the Village-Owned Enterprises will not be able to improve the performance of the Village-Owned Enterprises. The results of this study are not in accordance with research conducted by Purwanti (2012) with the title "The Effect of Entrepreneurial Characteristics, Business Capital, Marketing Strategies on the Development of MSMEs in Dayaan and Kalilondo Salatiga Villages" namely the positive and significant influence of venture capital factors on MSME performance in Dayaan village and Kalilondo village in Salatiga. The results of this study are not in accordance with the research hypothesis which states that capital affects the performance of Village-Owned Enterprises in the City of Denpasar.

Direct Effect of Competence on the Performance of Village-Owned Enterprises in the City of Denpasar.

Based on the analysis that has been done, the results obtained indicate the standardized coefficient beta value of 0.170 and a significance value of $0.052 > 0.05$. This means that H_0 is accepted and H_1 is rejected, meaning there is a positive and insignificant relationship between the competence and performance of Village-Owned Enterprises so that the competencies owned by the management of Village-Owned Enterprises do not affect the performance of Village-Owned Enterprises. Competence is the ability to carry out tasks that include skills (skills) that are supported by knowledge (cognitive) and ability (ability). Positive and insignificant relationship between competence and performance of Village-Owned Enterprises because the performance of Village-Owned Enterprises is highly determined by the manager of Village-Owned Enterprises, so the skills, knowledge, and experience possessed by the Managers of Village-Owned Enterprises will not be able to improve the performance of Village-Owned Enterprises The village if the managers of the Village Owned Enterprises do not understand the purpose of the establishment and procedures for managing the Village Owned Enterprises.

Competence is the ability to carry out or do a job or task based on skills and knowledge and is supported by the work attitude demanded by the job. The positive and insignificant relationship between

competence and the performance of Village-Owned Enterprises in the City of Denpasar occurs because although the managers of Village-Owned Enterprises have a good competency assessment by the community, their skills, knowledge, and experience are still lacking in carrying out their duties in managing and managing village-owned enterprises.

Socialization is needed to improve the performance of managers of the Village Owned Enterprise program because it is not only the skills or experience of entrepreneurship that is needed but an understanding of what a Village Owned Enterprise is. Likewise productivity is one of the most important measures of economic performance. Work productivity can be seen from the hours spent working in participating in productive activities (Windu Wiyasa and Urmila Dewi, 2017). According to Agunggunanto et al. (2016) socialization to the community is also needed so that they know the importance of participation in the Village Owned Enterprise program to improve the performance and economy of the village. The results of this study are not in accordance with the research hypothesis which states that competence has a positive and significant effect on the performance of Village-Owned Enterprises in Denpasar City.

Direct Effect of Compensation on the Performance of Village-Owned Enterprises in the City of Denpasar.

Based on the analysis that has been done, the results obtained indicate that the standardized coefficient beta value is 0.004 and the significance value is $0.981 > 0.05$. This means that H0 is accepted and H1 is rejected. Thus, the compensation provided does not affect the performance of the Village Owned Business Entity. Compensation is something that is received by employees as a reward for their achievements in carrying out their duties. According to Hasibuan (2010: 118) Compensation is all income in the form of money, direct or indirect goods received by employees in return for services provided to the company.

The positive and insignificant relationship between compensation for the performance of Village-Owned Enterprises in the City of Denpasar indicates that compensation is not a benchmark on improving the performance of BUDes in the City of Denpasar because in the research the manager mentioned the compensation given was sufficient for a newly established business entity even though the grant was not in accordance with the position, level of education and not in accordance with the tasks assigned. There is no regulation that regulates the remuneration and compensation received by the management and employees of the Village Owned Enterprises may hamper the management of the Village Owned Enterprises in carrying out their duties, but the problem of compensation is not too hindering the development of the Village Owned Enterprises in the City of Denpasar. However, if there is compensation received by managers, surely their performance and enthusiasm will be higher.

This research is in accordance with the conducted by Dian (2013) entitled "The Effect of Compensation Measurement Systems on Performance (Empirical Study on Manufacturing Companies in Padang City)" showed that Compensation had no significant positive effect on the performance of companies in the city of Padang. Another study was conducted by Muhimatur (2012) with the title "The Effect of Compensation on Employee Performance (Case Study at PT. Bank Tabungan Negara (Persero), Tbk)" states the insignificance of the effect of compensation on performance which indicates that compensation in general is rejected measuring on improving performance is not a major factor in the employees of PT. Bank Tabungan Negara (Persero), Tbk. Malang Syariah Branch Office. It is expected that the Management of Village-Owned Enterprises can maximize the available inputs so that they can be more efficient in carrying out the production process so that they will be able to increase compensation thereby increasing the performance of Village-Owned Enterprises. The results of this study are not in accordance with the formulation of the hypothesis which states that compensation has a positive and significant effect on the performance of Village-Owned Enterprises in the City of Denpasar.

Direct Effect of Community Participation on the Performance of Village-Owned Enterprises in Denpasar City.

Based on the analysis that has been done, the results obtained indicate the standardized coefficient beta value of 0.705 and a significance value of $0.000 < 0.05$. This means that H0 is rejected and H1 is accepted, thus community participation influences the performance of Village-Owned Enterprises in Denpasar. If community participation increases, it will be able to improve the performance of Village-Owned Enterprises.

Community participation is a factor influencing the success of rural development and development programs, in order to realize village development in accordance with village needs (Tisnawati, 2016). Community participation does not only involve the community in making decisions in every development program, but is involved in identifying problems and trends in the community. Without community participation, every development activity will fail. As with community participation in the use and management of village funds, community involvement is important so that its use and management can be more targeted and the benefits more relevant to the real interests of the community.

Community participation is community participation actively and responsibly in determining program implementation and organizational performance. Community participation is the main requirement for a business entity in facing competition and improving organizational performance. Participation is the active

involvement of a person or group of people (the community) consciously to contribute voluntarily to the development program and is involved starting from the planning, implementation, supervision, until the evaluation stage. Community participation has a significant effect on the performance of the Social Security Organizing Agency (BPJS) of the City of Denpasar (Sumawidayani et al., 2017). This means that the more actively the community is directly involved in moving the economic sector of the village community through the government program of Village-Owned Enterprises (Village-Owned Enterprises), then the performance of the Village-Owned Enterprises itself will increase due to the influence of the Village-Owned Enterprises in driving the economic sector of the village community in the future community participation will become the government's priority to measure the extent of the success of the Village Owned Enterprise program. The results of this study are in accordance with the formulation of the hypothesis which states that community participation has a positive and significant effect on the performance of village-owned enterprises in the city of Denpasar.

Indirect effect of venture capital on the performance of village-owned enterprises through community participation.

Based on the z count, which is $2.41 > 1.96$, H_0 is rejected and H_1 is accepted. This means that capital has a significant indirect effect on the performance of village-owned enterprises through community participation. This shows that if the management of existing business capital is clear and appropriate, the community will participate more or the community participation will increase, thereby indirectly increasing the performance of Village-Owned Enterprises in Denpasar City.

Proper management of business capital is expected to be able to build sustainable business units based on the economic potential of the village. This is expected to be able to increase the level of participation of the village community so that it will indirectly improve the performance of the Village Owned Enterprises themselves. The results of this study are in line with the formulation of the hypothesis which states that community participation mediates business capital on the performance of Village-Owned Enterprises in the City of Denpasar.

Indirect Effects of Competence on Village-Owned Enterprise Performance Through Community Participation.

Based on the z count, which is $2.80 > 1.96$, H_0 is rejected and H_1 is accepted. This means that competence has a significant indirect effect on the performance of village-owned enterprises through community participation. This shows that if the ability / competency of the manager increases, it will increase community participation where the community will be more trusting and confident to be involved in the Village-Owned Enterprises (Village-Owned Enterprises), if the community participation increases, it will indirectly increase the performance of Village-Owned Enterprises in Denpasar City.

Building a business unit based on the potential and participation of the community in the village will make it easier for managers to obtain input from production so that it will be able to make more efficient in conducting the production process and from that will be able to improve the performance of Village-Owned Enterprises. The products produced are unique and able to be absorbed in the market so that community participation will increase community businesses and indirectly if the efforts of rural communities continue to increase will be able to improve the performance of existing Village-Owned Enterprises. The results of this study are in line with the formulation of the hypothesis which states that community participation mediates compensation for the performance of Village-Owned Enterprises in the City of Denpasar.

Indirect Effects of Compensation on the Performance of Village-Owned Enterprises Through Community Participation.

Based on the z count that is $2.74 > 1.96$, H_0 is rejected and H_1 is accepted. This means that compensation has a significant indirect effect on the performance of village-owned enterprises through community participation. This shows that if there is a suitability in providing compensation that will increase community participation, if community participation increases, it will indirectly improve the performance of Village-Owned Enterprises in the City of Denpasar.

The suitability of the compensation provided is expected to increase community participation because the community will be directly involved in the Village Owned Enterprises in order to increase entrepreneurial insight and make innovations in creating sustainable business units based on the economic potential of the village, it is expected to be able to increase income which means the performance of the Owned Enterprises Villages are improving. The results of this study are in line with the formulation of the hypothesis which states that community participation mediates compensation for the performance of Village-Owned Enterprises in the City of Denpasar.

IV. CONCLUSION

The results of this study found that business capital has a positive and significant effect on community participation, which means that the more appropriate business capital management is carried out, the

higher community participation will be. In addition, the results of this study found that competence has a positive and significant effect on community participation, which means that the higher the competency possessed, it will increase public participation. In addition, the results of this study found that compensation had a positive and significant effect on community participation, which meant that the higher the compensation provided, it would increase community participation.

The results of this study also found that there was no influence of venture capital, competence, and compensation on the performance of Village-Owned Enterprises and community participation had a positive and significant effect on the performance of Village-Owned Enterprises. This shows that the business capital provided by the government, the competence and compensation provided does not affect the performance of the Village Owned Enterprises if they are unable to increase community participation. Community participation plays an important role in improving the performance of Village-Owned Enterprises, so the orientation of thought and effort is aimed at the sustainability of business activities especially in terms of community participation. If the business capital is managed well, increasing competence, and providing appropriate compensation will be able to improve the performance of Village-Owned Enterprises and accelerated by high community participation.

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