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Customer Orientation, Price, and Service Quality for Enhancing the Company Image along with Customer Satisfaction: A Case Study on Village Owned Enterprises (BUMDes) Kampa District – Riau Province - Indonesia

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Abstract

The purpose of this research is to identify the influence of customer orientation, price, and service quality on customer satisfaction and the image of BUMDes in Kampa, Riau Province. A qualitative approach was employed in this study, utilizing questionnaires, interviews, and data analysis. The research sample was analyzed using SPSS 25, and path analysis was conducted using SMART PLS. The findings of the study indicate that customer orientation, price, and service quality have a significant impact, both individually and collectively, on customer satisfaction and the image of BUMDes in Kampa District. Additionally, customer satisfaction was found to have a significant influence on the image of BUMDes. The test results demonstrate that customer orientation, price, service quality, and customer satisfaction make positive and significant contributions to the image of BUMDes in Kampa District, Kampar Regency. The R² approach reveals that customer orientation, price, cooperation, and motivation variables collectively account for 74.5% of the variance in the image of BUMDes, while the remaining 25.5% is influenced by unexamined variables. Given the broad dimensions of the BUMDes image, several factors related to this research are involved in analyzing the influencing factors. However, it is important to note that this study is limited and further analysis is needed to consider other factors.

Keywords: Customer Orientation, Price, Service Quality, Company Image, BUMDes Kampa.

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INTRODUCTION

Microeconomic issues, particularly democratic economics, have gained significant attention in the past decade. This topic has been extensively discussed in various mass media outlets, academic debates, and seminars. Effective management practices are essential for the successful implementation of democratic economics in Indonesia. Such management should aim for efficiency and effectiveness. Efficiency primarily concerns output rather than input. Therefore, achieving a high output with minimal input is crucial. Efficient resource management, including human resources, financial resources, and equipment, can lead to the production of high-quality products or services at relatively low costs. On the other hand, effectiveness focuses on making appropriate decisions and carrying out the right actions to achieve organizational goals (D. C. Sari et al., 2021).

According to Sari et al. (2021), marketing encompasses more than just selling goods or services. It involves a broader managerial and social process where individuals or groups fulfill their wants and needs by creating and exchanging products and value with others. V. A. Sari and Suryoko (2020) define marketing as a comprehensive business system that involves planning, pricing, promoting, and distributing products to fulfill consumer needs and achieve company goals. Marketing activities aim to plan, determine prices, promote, and distribute goods and services that satisfy the needs of both existing and potential buyers. Hasan et al. (2021) describe marketing as a process that encompasses planning and executing the concepts, pricing, promotion, and distribution of ideas, goods, and services to facilitate exchanges that satisfy individual and organizational goals. Marketing and management are interconnected within the business realm to meet the needs of a diverse consumer base.

Individuals form the smallest group directly engaged within communities, particularly rural communities ranging from villages to entire countries. Data indicates that Indonesia has 81,616 villages, including 1,591 in Riau Province and 242 scattered across 21 districts in Kampar Regency (Wang et al., 2022). According to the Law of the Republic of Indonesia No. 6 of 2014 concerning villages, village funds are defined as funds derived from the Indonesian State Revenue and Expenditure Budget specifically allocated for villages. These funds are disbursed through the Revenue and Expenditure Budgets of districts and cities nationwide. The village funds serve the purpose of financing government administration, development projects, coaching initiatives, and empowering rural communities (UU RI, 2014).

Village funds constitute a reliable source of income that continues to grow in every village. The government's aim in increasing village income is to improve service facilities for communities, such as fulfilling basic needs and strengthening village institutions. In this regard, Village Development Planning Meetings play a crucial role, including the development of Village Owned Enterprises, commonly known as BUMDes, which serve as economic centers in rural areas. However, the existence of village funds also presents new challenges. Concerns arise regarding the management of these funds, primarily due to perceived low-quality human resources among village officials and a lack of community scrutiny over income and expenditure budgets. Consequently, community oversight efforts may not be maximized (Suparji, 2019).

BUMDes refers to a legal entity established by the village and/or a joint venture of villages or village groups with the objective of managing businesses, utilizing assets, developing investments and productivity, providing services, and fostering the overall welfare of the village community (Soejono et al., 2021). The village plays a pivotal role in Indonesia's development, prompting the government to actively promote the village economy through the allocation of Village Funds and the implementation of Village-Owned Enterprises (BUMDes) programs. The objectives of BUMDes, as outlined in Regulation of the Minister of Village, Development of Undeveloped Areas, and Transmigration No. 4/2015, aim to enhance the village economy, empower community enterprises in effectively managing the village's economic potential, and functionally serve as a business unit that pursues financial profitability (Hasan, 2019).

BUMDes also develops business cooperation plans between villages and/or with third parties, creates opportunities and market networks that support the public service needs of residents, generates employment opportunities, improves community welfare through enhanced public services, fosters growth and equity in the village economy, and increases the income of the village community and village itself. Moreover, the establishment of BUMDes should prioritize shared ownership between the village government and the community, providing not only financial benefits (such as taxes and village income) but also broad and sustainable economic benefits (Hasan et al., 2021).

Internal monitoring and research conducted in Kampar Regency reveal that 80% of BUMDes are involved in household trade, primarily operating grocery stores that sell daily goods, as well as community-based home industries. The remaining BUMDes units focus on collecting plantation products, typically rubber and oil palm produce. In discussing BUMDes in Kampar Regency, it is crucial to adopt an actual, comprehensive, and sustainable approach. This is necessary

because the selected and managed business units within BUMDes are conventional units typically managed by the community, including involvement from the private sector. Therefore, it is imperative to empirically and professionally study and manage these units to ensure their viability in the competitive business landscape.

The management of business units requires sensitivity to global conditions and the identification of future opportunities as the main foundation for a paradigm shift in business unit management, including BUMDes. This foundation will serve as a strong basis for educational development. Within this context, various factors contribute to quality improvement. By recognizing and capitalizing on opportunities and aligning them with education, positive effects can be observed in organizational management, strategy, human resources, customer orientation, costs, marketing, and service (Hasan, 2018; Hasan, 2020; Hasan, 2021). Corporate image, which encompasses multiple elements, ultimately possesses its own dimensions. Numerous theories proposed by experts highlight the factors influencing corporate image. However, in general, customer satisfaction stemming from a customer-oriented approach, along with considerations of price and service quality from the customer's perspective, play a significant role in shaping corporate image.

To ensure BUMDes operates as a professional business unit, effective and targeted management practices are essential. Marketing management, in particular, serves as a determining factor in the success of a business unit. In its approach, effective marketing management must prioritize and align with the image of the business unit, customer satisfaction, customer orientation, price considerations, and service quality (Hasan, 2019).

Corporate image plays a central role in a business unit, as it influences customers' decisions to make repeat purchases from the said unit. Customer satisfaction, which stems from factors such as customer orientation, price, and service quality, forms the basis for customers' perceptions of a business unit's image (Hasan, 2019). Customer satisfaction serves as a fundamental factor that guides customers in forming their intentions towards a business. Three key factors contribute to determining customer satisfaction in the context of a household appliance business or business unit. Firstly, customer orientation refers to a comprehensive understanding of customers' purchasing goals, with the objective of consistently creating superior value for buyers. Secondly, price plays a significant role in customer satisfaction. It is important to note that a good price does not necessarily imply a cheap price, but rather a reasonable and appropriate price that contributes to determining customer satisfaction and shaping the image of the company or business unit (Hasan, 2019; Hasan et al., 2021; V. A. Sari & Suryoko, 2020).

Service quality and customer satisfaction are crucial indicators used to assess whether a managed business unit falls into the category of success. The greater the number of satisfied customers, the more favorable the business development. Consequently, service quality consistently receives special attention in the development of business strategies. This encompasses factors such as convenience at the point of sale, staff friendliness, accessibility, availability of goods, and the ability to fulfill customer needs (Hasan, 2019; Hasan et al., 2021; V. A. Sari & Suryoko, 2020).

As previously mentioned, BUMDes in Kampar Regency predominantly select conventional business units, highlighting the importance of considering the aforementioned indicators to enhance and sustain their business operations. This forms the basis and background of the present study, which aims to examine the reputation and corporate image of BUMDes business units by assessing customer satisfaction from a customer orientation perspective, considering price, and evaluating service quality. The research was conducted in three BUMDes located in three villages within Kampa District, Kampar Regency, involving a sample size of 300 customers.

LITERATURE REVIEW

Company Image or Unit Business Image

The concept of corporate image refers to the psychological impression formed in the minds of customers or stakeholders. Companies engage in fierce competition to establish a positive image, which necessitates effective marketing activities and communication. By conveying positive messages, companies can achieve and enhance their goals and profitability in a sustainable manner. A positive corporate image serves as a valuable asset, as it can provide a competitive advantage over rivals.

According to Law Number 8 of 1997, a company is defined as any business entity that regularly and continuously conducts activities with the aim of generating profits. These activities can be carried out by individuals or legal and non-legal entities established and domiciled within the territory of the Republic of Indonesia. In simpler terms, a company is an organization established by individuals, groups, or other entities to produce and distribute goods simultaneously. The outcomes of this production process are referred to as products (Undang-Undang Nomor 8 Tahun 1997 Tentang Dokumen Perusahaan, 1997).

Based on the aforementioned definitions, corporate image can be understood as the psychological impression and perception of various company activities held by the public. This impression is formed based on the knowledge, responses, and experiences of the individuals.

Assessments of a company's image by the public can range from positive to neutral or negative. According to Porter et al. (2014), corporate image is a concise description of an organization that is shaped through the accumulation of received messages (Magretta, 2012). Barich and Kotler, as cited by Wijiharjono (2021), define corporate image as the overall impression an organization creates in the minds of individuals or groups, encompassing their beliefs, attitudes, and impressions of the entity. In line with these understandings, corporate image emerges from the combined impact of all verbal and visual elements of the company, whether deliberate or unintentional, as well as external influences. Furthermore, corporate image represents how other parties perceive the company, highlighting its significance as a valuable asset shaped by knowledge and experiences (Sondari et al., 2020).

The impression of quality is manifested through the communication efforts of employees who interact with the company's clients. Factors such as the company's facilities and the services provided by its employees can influence consumer perceptions of its products. A broader perspective on corporate image, as disclosed by Abd-El-Salam et al. (2013), considers it as the overall impression that remains in the minds of consumers, resulting from a collection of feelings, ideas, attitudes, and experiences associated with the company, which are stored in memory. These impressions are subsequently transformed into positive or negative images based on consumers' feelings and experiences with the company.

Customer Satisfaction

Customer satisfaction is a crucial concept that companies must comprehend in order to maintain competitiveness and foster growth and expansion. The measurement of customer satisfaction aligns with Mulyana's (2001) assertion that "Satisfaction can be evaluated by comparing the gaps between customers' expectations and their perceived experiences." Furthermore, D. C. Sari et al. (2021) argue that "Customer satisfaction is influenced by specific product or service features, perceptions of product and service quality, and price." There exist four methods for measuring and monitoring customer satisfaction:

1. Complaint and suggestion system: A customer-oriented company should provide ample opportunities for customers to share their suggestions, opinions, and complaints. This can be achieved through suggestion boxes placed strategically in easily accessible or frequently visited areas, comment cards that can be filled out on-site or sent via mail, dedicated telephone lines (customer hotlines), among other means.

2. Periodic survey: Surveys are commonly employed to conduct research on customer satisfaction, whether through mail, telephone, or face-to-face interviews. Surveys enable companies to obtain direct feedback and opinions from customers while signaling that the company values its customers' perspectives.

3. Mystery shoppers: This method involves hiring individuals (mystery shoppers) to act as potential customers or buyers of the company's products, as well as those of competitors. These individuals provide feedback on their experiences, allowing the company to assess customer satisfaction and evaluate its performance compared to competitors.

4. Analysis of lost customers: This unique method involves contacting customers who have ceased purchasing or have switched to alternative marketing options. By engaging with these customers, the company aims to understand the reasons behind their decision, thereby gaining insights into areas for improvement.

Implementing these methods facilitates the measurement and evaluation of customer satisfaction, enabling companies to identify areas for enhancement and reinforce their commitment to customer-centric practices.

RESEARCH METHOD

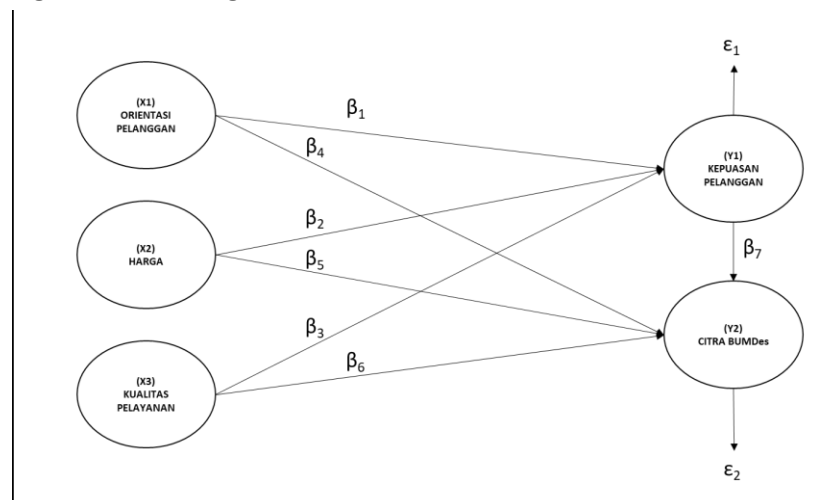
The research methodology employed in this study is a survey method. The survey method involves collecting data from a sample of the population using a questionnaire as the primary instrument, complemented by interviews and observations (Sekaran & Bougie, 2016). Specifically, an explanatory survey design was used, which aims to describe the population and sample while explaining the relationships between the variables under investigation. The study was conducted in three BUMDes located in Pulau Rambai, Kampar Village, and Sawah Village, Kampa District, Kampar Regency, over a two-month period from May to June 2022.

Data collection in this study encompassed two types: primary data and secondary data. Primary data refers to information directly obtained by the researcher from the original source. In this study, primary data were gathered from customers certified at Junior High School (SMP) Negeri 1 and SMPN 2 Bangkinang Kota. On the other hand, secondary data refers to data obtained by the researcher from various sources, such as library research, document searches, and relevant literature. The population for this study consisted of BUMDes customers in the three selected villages, with a total sample size of 100 customers per village. The selection of research objects was based on careful consideration informed by previous research.

The analysis utilized in this research is descriptive analysis. Descriptive analysis involves examining the characteristics of the respondents and their corresponding responses. The analysis of respondent characteristics included variables such as age, gender, tenure as a customer, tenure as a certified customer, and subjects taught by the respondent. Moreover, the analysis of respondents' responses focused on their answers in relation to their characteristics. The validity of the research instrument or questionnaire was assessed through a validity test, which examines whether the questions or statements in the questionnaire accurately capture the intended measurements. The accuracy of the questionnaire can be evaluated using correlation coefficients. Additionally, a reliability test was conducted to measure the consistency of respondents' answers, employing the Cronbach's alpha statistical test. Finally, structural equation analysis was carried out, following these steps:

1. Development of a theoretical model based on existing literature.
2. Construction of path diagrams and structural equations to represent the relationships among variables.

Figure 1. Path Diagram of Research Model



Based on Figure 1, the path diagram can be translated into a set of equations representing the relationships between variables. The equations are as follows:

$$Y_1 = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon_1$$

$$Y_2 = \beta_4 X_1 + \beta_5 X_2 + \beta_6 X_3 + \beta_7 Y_1 + \epsilon_2$$

Where:

- Y_1 : Customer Satisfaction
- Y_2 : BUMDes Image
- X_1 : Customer Orientation

X_2 : Price
 X_3 : Service Quality
 $\beta_1 \dots \beta_7$: Coefficient standardized
 $\varepsilon_1 \dots \varepsilon_2$: error term

3. Testing the assumptions in Structural Equation Modeling (SEM) involves evaluating the validity of the model and the assumptions related to parameter estimation and hypothesis testing. These assumptions play a crucial role in ensuring the reliability and validity of the SEM analysis.

4. Measurement Model Fit

The measurement model fit is a critical step in SEM analysis, which assesses the dimensionality and reliability of each construct. It aims to determine whether the indicators of a construct adequately fit a single-factor model. While Cronbach's alpha provides an indication of reliability, it assumes one-dimensionality without guaranteeing it. To evaluate the measurement model, composite reliability and indicators of each construct are assessed. For exploratory research, a composite reliability value exceeding 0.70 is generally considered acceptable (Sekaran & Bougie, 2016). Variance extracted, on the other hand, measures the validity of the construct, indicating the extent to which the indicators accurately measure the intended construct. A recommended threshold for variance extracted is greater than 0.50 (Sekaran & Bougie, 2016). The formulas for construct reliability and variance extracted are as follows:

$$\text{Construct Reliability} = \frac{(\sum \text{Std Loading})^2}{(\sum \text{Std Loading})^2 + \sum \varepsilon_j}$$

$$\text{Variance Extracted} = \frac{\sum \text{Std Loading}^2}{\sum \text{Std Loading}^2 + \sum \varepsilon_j}$$

5. Data Processing and Hypothesis Testing

Following data collection, the collected data were processed using the statistical software SPSS 21, and path analysis was conducted using SMART PLS 3.2.9. Data processing involved various procedures, such as data cleaning, coding, and transforming variables to prepare them for further analysis. Descriptive statistics, correlation analysis, and reliability tests were performed to examine the characteristics of the data and assess the reliability of the measurement instruments.

After completing the data processing stage, hypothesis testing was conducted using path analysis in SMART PLS 3.2.9. Path analysis allows for the examination of the relationships between variables and the estimation of direct and indirect effects within a structural model. The hypothesized relationships and research hypotheses were tested using various statistical techniques, including regression analysis, bootstrapping, and significance testing.

Through data processing and hypothesis testing, the study aimed to assess the empirical support for the proposed theoretical model and examine the significance and strength of the relationships between the variables. The results of these analyses provide valuable insights into the research questions and contribute to the advancement of knowledge in the field.

RESULT AND DISCUSSION

Based on the conducted research and the tabulated data obtained from questionnaires administered to customers who were selected as respondents based on predetermined criteria, the study examined several variables. The independent variables comprised of customer orientation (x1), price (x2), and service quality (x3), while the dependent variables included customer satisfaction (y1) and BUMDes image (y2).

The selection of these variables was guided by the research objectives and the theoretical framework underpinning the study. Customer orientation refers to the extent to which the organization focuses on meeting customer needs and expectations. Price represents the monetary value assigned to the products or services offered by BUMDes. Service quality encompasses the customers' perceptions of the overall excellence of the services provided by BUMDes. Customer satisfaction reflects the extent to which customers are content with their experiences and interactions with BUMDes. Lastly, BUMDes image denotes the perception and reputation of BUMDes within the community or target market.

These variables were chosen based on their potential significance in understanding the factors that influence customer satisfaction and the image of BUMDes. By examining the relationships between these variables, the study aimed to provide insights into the determinants of customer satisfaction and BUMDes image, which are essential for enhancing the performance and success of BUMDes initiatives.

Descriptive Analysis

The study involved a total of 300 respondents who were customers with Civil Servant (PNS) status. The sample composition consisted of 100 customers from BUMDes in Pulau Rambai Village, 100 customers from BUMDes in Kampar Village, and 100 customers from BUMDes in Sawah Village. All 300 questionnaires distributed were returned, resulting in a response rate of 100%. The characteristics of the respondents were examined to assess the representativeness of the sample. It was observed that 66.67% of the respondents were below the age of 50, indicating a relatively youthful and motivated customer base. In terms of gender, 35% of the respondents were male, while 65% were female. In terms of educational background, 37% were

undergraduate graduates, while 63% had completed high school or junior high school.

Descriptive analysis was conducted to explore the responses of the respondents regarding the variables of customer orientation, price, service quality, customer satisfaction, and BUMDes image. This analysis aimed to provide an overview of the research variables and their current state. Overall, the descriptive analysis revealed that all variables were rated in the good and very good categories, indicating positive perceptions and experiences among the respondents. The average responses of the respondents to the research variables are summarized in Table 1.

Table 1. Recapitulation of Respondents' Average Responses to Research Variables

| No | Variable | Average | Description |
|----|----------------------------|---------|-------------|
| 1 | Customer Orientation (X1) | 4,10 | Good |
| 2 | Price (X2) | 4,23 | Very Good |
| 3 | Corporation (X3) | 4,02 | Good |
| 4 | Customer Satisfaction (Y1) | 3,99 | Good |
| 5 | BUMDes Image (Y2) | 4,05 | Good |

Validity Test of Research Instruments

The collected data obtained through a questionnaire was subjected to a validity test to determine the reliability and accuracy of the data used as the primary source for the research. Conducting a validity test before commencing the research is crucial as it ensures that the measuring instrument accurately measures the intended constructs. The validity test examines the correlation between each statement item and its total value, with a minimum requirement of a product-moment correlation coefficient (r) greater than or equal to 0.113. Upon conducting the validity test, it was observed that all statements yielded values greater than 0.113, confirming the validity of the statements utilized in this study. The following section presents the results of the validity test for each variable:

a. Validity Test of Customer Orientation Variable (X1)

The customer orientation variable was based on the theoretical foundations of customer orientation theory, and it was operationalized into a questionnaire comprising 31 statements administered to 300 respondents. The obtained responses were deemed valid as the calculated correlation coefficient (r) surpassed the critical value of 0.113. Generally, the calculated correlation coefficients ranged from 0.400 to 0.800.

b. Validity Test of Price Variable Instruments (X2)

The price variable signifies the extent to which an employee aligns themselves with a particular organization, along with their objectives and willingness to sustain their affiliation with the organization (Robbins and Judge, 2018:91). Based on theoretical and case studies focusing on pricing within the context of BUMDes in the Kampa District, three dimensions were identified and represented by 10 statements in the questionnaire administered to 300 respondents. The obtained responses were deemed valid as the calculated correlation coefficient (r) exceeded the critical value of 0.113. In general, the calculated correlation coefficients ranged from 0.400 to 0.800.

c. Validity Test of Service Quality Variable Instruments (X3)

Service quality pertains to the level of service delivery in relation to meeting customer expectations and needs. A service is deemed to possess quality if it largely fulfills customer expectations or requirements. Good service quality is achieved when the delivered service aligns with customer expectations, and exceptionally satisfying service quality is achieved when it exceeds customer expectations. However, instances may arise where services fail to meet customer expectations, resulting in poor service quality when the company is unable to fulfill customer desires through its products or services. Based on theoretical and case studies focusing on service quality within the context of BUMDes in the Kampa District, three dimensions were identified and represented by 16 statements in the questionnaire administered to 300 respondents. The obtained responses were deemed valid as the calculated correlation coefficient (r) exceeded the critical value of 0.113. In general, the calculated correlation coefficients ranged from 0.371 to 0.814.

d. Validity Test of Customer Satisfaction Variable Instruments (Y1)

Customer satisfaction, specifically pertaining to BUMDes in the Kampa District (i.e., BUMDes Pulau Rambai, Kampar Village, and Sawah Village), is defined by two dimensions, represented by a questionnaire comprising 21 statements administered to 300 respondents. The obtained responses were deemed valid as the calculated correlation coefficient (r) surpassed the critical value of 0.113. Customer satisfaction serves as a driving force within individuals, influencing their inclination towards repeat purchases or orders. Internal and external factors are key indicators of customer satisfaction. Internal factors encompass service satisfaction, friendliness, and habitual behavior, while external factors rely on location, convenience of the business premises, and proximity.

e. Validity Test of BUMDes Image Variable Instruments (Y2)

The BUMDes image, as observed within the output or outcome process, represents customers' or consumers' perception of the quality and quantity of a business or business unit, specifically within the context of Village-Owned Enterprises (BUMDes). The BUMDes image adheres to specific criteria and can be evaluated and measured based on customer satisfaction levels. It serves as an expression of customer satisfaction and is manifested through the proficiency and application of business unit competencies. The BUMDes image in Pulau Rambai Village, Kampar Village, and Sawah Village, situated in the Kampa District, Kampar Regency, encompasses three dimensions, represented by a questionnaire comprising 10 statements administered to 300 respondents. The obtained responses were deemed valid as the calculated correlation coefficient (r) exceeded the critical value of 0.113. Generally, the calculated correlation coefficients ranged from 0.446 to 0.755.

Reliability Test

The reliability test aims to assess the consistency of measurement outcomes when repeated measurements of the same constructs are conducted. Reliability demonstrates the degree of relative consistency in the measurement results upon conducting multiple measurements. It determines the level of precision, accuracy, stability, or consistency in capturing specific constructs within individual groups. The reliability coefficient is computed using the Cronbach's alpha reliability coefficient technique. The results of the reliability test are presented in Table 2 below.

Table 2. Test the Reliability

| Variables | Score of Cronbach's Alpha (r-value) | r-table | Reliability |
|----------------------------|-------------------------------------|---------|-------------|
| Customer Orientation (X1) | 0,935 | 0,60 | Reliable |
| Price (X2) | 0,627 | 0,60 | Reliable |
| Corporation (X3) | 0,879 | 0,60 | Reliable |
| Customer Satisfaction (Y1) | 0,896 | 0,60 | Reliable |
| BUMDes Image (Y2) | 0,739 | 0,60 | Reliable |

Discriminant Validity Test

The validity of an individual reflexive measure is considered acceptable if its loading value with the respective latent variable is ≥ 0.5 . The Discriminant Validity test results, obtained from the structural diagram generated by the SMART PLS software, are presented in Table 3.

Table 3. Discriminant Validity

| Variable | Construct Reliability | Variance Extracted |
|----------------------------|-----------------------|--------------------|
| Customer Orientation (X1) | 0.888 | 0.725 |
| Price (X2) | 0.870 | 0.691 |
| Corporation (X3) | 0.823 | 0.700 |
| Customer Satisfaction (Y1) | 0.892 | 0.734 |
| BUMDes Image (Y2) | 0.843 | 0.729 |

Construct reliability measures the internal consistency of indicators within a constructed variable, reflecting the degree of that variable. The standard loading value is derived from the standardized loading value for each indicator, while the error (e) represents the measurement error associated with each indicator. The construct reliability test utilizes a cut-off value of > 0.70 to determine the acceptability of the construct reliability. As shown in Table 3, the construct reliability values are 0.88, 0.87, and 0.82, all exceeding the threshold of 0.70. Therefore, it can be concluded that the construct exhibits good discriminant validity.

Discriminant validity is assessed using the Average Variance Extracted (AVE) values by comparing the square root of the AVE of each construct with the correlation between that construct and other constructs. A recommended criterion is an AVE value greater than 0.50. Based on Table 3, each indicator demonstrates a higher AVE value of 0.725, 0.691, and 0.700, indicating that the Variance Extracted value of each construct surpasses the correlation with other constructs. Consequently, it can be inferred that the construct exhibits good discriminant validity.

Multicollinearity Test

Tolerance is a measure of the variability of independent variables that cannot be explained by other independent variables. A low tolerance value corresponds to a high VIF (Variance Inflation Factor) value, indicating the presence of high collinearity. The commonly used threshold is a tolerance value of 0.10 or a VIF value ≥ 10 . The results of the multicollinearity test are presented in Table 6 below:

Table 4. Multicollinearity Test

| Endogen Variables | Exogen Variables | VIF | Summary |
|-----------------------|-----------------------|-------|----------------------------------|
| Customer Orientation | Customer Satisfaction | 1.442 | Multicollinearity Does Not Occur |
| Price | Customer Satisfaction | 1.465 | Multicollinearity Does Not Occur |
| Corporation | Customer Satisfaction | 1.479 | Multicollinearity Does Not Occur |
| Customer Orientation | BUMDes Image | 1.767 | Multicollinearity Does Not Occur |
| Price | BUMDes Image | 1.682 | Multicollinearity Does Not Occur |
| Service Quality | BUMDes Image | 1.509 | Multicollinearity Does Not Occur |
| Customer Satisfaction | BUMDes Image | 2.001 | Multicollinearity Does Not Occur |

Table 4 provides evidence indicating the absence of multicollinearity among the variables, as the VIF (Variance Inflation Factor) values for the indicators are all below 10. Multicollinearity refers to a condition characterized by strong correlation or relationship between two or more independent variables in a multiple regression model. The regression models encompassed by this context include linear regression, logistic regression, panel data regression, and Cox regression.

When multicollinearity occurs in a multiple regression model, the beta coefficient of an independent variable or predictor variable can undergo significant changes with the addition or removal of independent variables in the model. Consequently, multicollinearity does not diminish the overall predictive power of the model, but rather affects the predictive value of individual independent variables. In this context, the predicted value of an independent variable corresponds to its beta coefficient.

Path Analysis

The path analysis in this study reveals the structural equations derived from the PLS 21 output, indicating the total effect. The results are summarized in Table 5 below:

Table 5. Total Effect

| Endogen Variables | Exogen Variable | Estimate | Summary |
|-----------------------|-----------------------|----------|----------|
| Customer Orientation | Customer Satisfaction | 0.403 | Positive |
| Price | Customer Satisfaction | 0.124 | Positive |
| Corporation | Customer Satisfaction | 0.329 | Positive |
| Customer Orientation | BUMDes Image | 0.040 | Positive |
| Price | BUMDes Image | 0.233 | Positive |
| Corporation | BUMDes Image | 0.100 | Positive |
| Customer Satisfaction | BUMDes Image | 0.450 | Positive |

Based on the analysis of the Total Effect, the relationship between the exogenous variables and endogenous variables can be examined. The processed data yielded results that enable the formulation of a relationship or model equation in this study, which is presented as follows:

$$Y_1 = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$Y_1 = 0.403X_1 + 0.124 X_2 + 0.329X_3 + e$$

$$Y_2 = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + Y_1 + e$$

$$Y_2 = 0.040X_1 + 0.233 X_2 + 0.100X_3 + 0.450Y_1 + e$$

The structural equation of the model can be elucidated as follows:

1. The variable of Customer Orientation exhibits a positive relationship with Customer Satisfaction, with a coefficient of 0.403. This coefficient implies that a 1-unit increase in Customer Orientation,

holding other factors constant, leads to a 0.403 increase in Customer Satisfaction.

2. The variable of Price displays a positive relationship with customer satisfaction, with a coefficient of 0.124. This coefficient suggests that a 1-unit increase in Price, assuming other factors remain constant, results in a 0.124 increase in customer satisfaction.

3. The variable of Service Quality demonstrates a positive relationship with Customer Satisfaction, with a coefficient of 0.329. This coefficient indicates that a 1-unit increase in Service Quality, assuming other factors remain constant, leads to a 0.329 increase in Customer Satisfaction.

4. The variable of Customer Orientation exhibits a positive relationship with BUMDes Image, with a coefficient of 0.040. This coefficient implies that a 1-unit increase in Customer Orientation, assuming other factors remain constant, results in a 0.040 increase in BUMDes Image.

5. The variable of Price demonstrates a positive relationship with BUMDes Image, with a coefficient of 0.223. This coefficient suggests that a 1-unit increase in Price, assuming other factors remain constant, leads to a 0.223 increase in BUMDes Image.

6. The variable of Service Quality displays a positive relationship with BUMDes Image, with a coefficient of 0.100. This coefficient indicates that a 1-unit increase in Service Quality, assuming other factors remain constant, results in a 0.100 increase in BUMDes Image.

7. The variable of Customer Satisfaction exhibits a positive relationship with an increase in BUMDes Image, with a coefficient of 0.450. This coefficient implies that a 1-unit increase in Customer Satisfaction, assuming other factors remain constant, leads to a 0.450 increase in BUMDes Image.

8. These results demonstrate the directional and magnitude of the relationships between the variables in the model. The positive coefficients indicate that an increase in the independent variables corresponds to an increase in the dependent variables. These findings contribute to the understanding of how Customer Orientation, Price, Service Quality, and Customer Satisfaction collectively influence both Customer Satisfaction and BUMDes Image.

Coefficient of Determination

The Coefficient of Determination (R²) test is employed to assess the extent to which the model can explain variations in the dependent variable. In this study, the coefficient of determination is calculated using the adjusted R² value. The outcomes of the Coefficient of Determination (R²) test are presented as follows:

Table 6: Results of the Coefficient of Determination Test (R2)

| | R Square | R Square Adjusted |
|-----------------------|----------|-------------------|
| Customer Performance | 0,801 | 0,779 |
| Customer Satisfaction | 0,762 | 0,745 |

From the R2 test results provided in the table above, the adjusted R2 value is determined as 0.779 for Customer Satisfaction and 0.745 for BUMDes Image, which translates to 77.9% for Equation I and 74.5% for the second equation. Hence, it can be deduced that the variables of Customer Orientation, Price, Cooperation, and Motivation collectively account for 74.5% of the influence on BUMDes Image. The remaining 25.5% is attributed to other variables not examined in this study.

These findings demonstrate that the included variables substantially contribute to the understanding and prediction of BUMDes Image, as indicated by the relatively high adjusted R2 values. However, it is important to acknowledge that there may be additional factors outside the scope of this study that also influence BUMDes Image. Further research and investigation are warranted to explore and incorporate these other variables for a more comprehensive analysis.

Hypothesis Testing

The findings of hypothesis testing in this study are summarized and presented in the subsequent table and figure:

Table 7. Hypothesis Testing Results

| | Endogen Variable | Exogen Variable | STD | Prob | Result |
|----------------|-----------------------|-----------------------|-------|-------|-------------|
| H ₁ | Customer Orientation | Customer Satisfaction | 0.107 | 0.070 | Significant |
| H ₂ | Price | Customer Satisfaction | 0.115 | 0.001 | Significant |
| H ₃ | Corporation | Customer Satisfaction | 0.117 | 0.039 | Significant |
| H ₄ | Customer Orientation | BUMDes Image | 0.095 | 0.001 | Significant |
| H ₅ | Price | BUMDes Image | 0.101 | 0.021 | Significant |
| H ₆ | Corporation | BUMDes Image | 0.117 | 0.029 | Significant |
| H ₇ | Customer Satisfaction | BUMDes Image | 0.138 | 0.001 | Significant |

DISCUSSION

Customer orientation has a positive and significant effect on customer satisfaction among BUMDes customers in Kampa District. The indicators with the highest average values include punctuality and careful equipment usage, while the indicator with the lowest average value pertains to refraining from smoking in the school environment. This finding aligns with the assertion made by Hasan (2019) regarding the impact of customer orientation on customer satisfaction.

Likewise, price is positively associated with and exerts a significant influence on customer satisfaction among BUMDes customers in Kampa District. The indicator with the highest average score is

affective; emotional attachment to the profession, whereas the indicator with the lowest average score is the attachment to the profession developed by the individual. Price serves as one of the factors influencing customers' purchasing decisions and, consequently, their satisfaction (V. A. Sari & Suryoko, 2020).

Additionally, service quality exhibits a positive relationship with and a significant effect on customer satisfaction among BUMDes customers in Kampa District. The indicator with the highest average value is the collaboration of ideas, while the indicator with the lowest average value pertains to equalizing opinions within a group. It is worth noting that service quality encompasses various dimensions that can be measured, as demonstrated by Ramya et al. (2019).

This study also reveals that customer orientation, price, service quality, and customer service have a positive and significant impact on the image of BUMDes in Kampa District. These indicators should be duly considered in business management as part of fostering the development of a creative economy (Wijiharjono, 2021).

CONCLUSION

The study conducted on BUMDes in Kampa District, Kampar Regency has provided insights into the contributions of customer orientation, price, and service quality towards enhancing corporate image and customer satisfaction. The findings reveal a positive influence of customer orientation, price, and service quality on customer satisfaction, which, in turn, positively contributes to the image of BUMDes. The variables of customer orientation, price, service quality, and customer satisfaction exhibit a significant and positive relationship with the image of BUMDes in Kampa District, Kampar Regency. The results indicate a significant influence and positive correlation among the variables under investigation, namely customer orientation, price, and service quality as independent variables, on the dependent variables of corporate image and customer satisfaction.

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