ORGANIZATION CULTURE AS DETERMINER OF EMPLOYEE PERFORMANCE IMPROVEMENT WITH WORK MOTIVATION AS MEDIATION VARIABLE (A STUDY ON SOME VILLAGE CREDIT INSTITUTION (LPD) IN BADUNG REGENCY-BALI)

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ABSTRACT

The purpose of this study is; to know and analyze the influence of organizational culture on employee performance, to find out and analyze the influence of employee motivation on employee performance; to find out and analyze the role of mediating employee motivation in the relation between organizational culture and the performance of LPD employees in Badung Regency. The study sample was 12 which were considered to represent rural and urban areas in the Badung Regency area. The analysis technique used the Partial Least Square (PLS) approach. In PLS, path modeling there are two models, namely the outer model and inner model, where both of these criteria were used in this study. Based on the results of testing the hypothesis that the testing of hypothesis 1, it was found that organizational culture has no significant negative effect on employee performance. In testing hypothesis 2, it was found that organization culture had a significant positive effect on employee motivation. In testing hypothesis 3, it was found that work motivation was influential significant positive effect on employee performance. On the other hand, the indirect influence of organizational culture on employee performance through work motivation as an intervening variable with zobel test calculations which can be stated that work motivation variables are able to mediate the influence of organizational culture on employee performance in LPD of Badung Regency.

Keywords: Employee Performance, Organizational Culture, Work Motivation

I. INTRODUCTION

Performance is a willingness of someone or group of people to conduct activity and improve it based on their responsibility as the expected result (Rivai and Mulyadi 2009,15). Performance indicates someone's level of success at work (Vroom in (As'ad 2000; 104). Employee performance improvement will improve company’s performance as well to survive in business competition which is getting dynamic. Therefore, efforts in improving employee performance is the most serious challenge for the management because the success in achieving the goal and company sustainability depend on performance quality of the human resources. Having more employee with high performance, the company productivity will improve and finally the company will survive in global competition (Astakoni 2015).

Conceptually, there are many factors that can be used as employee performance determinant, of which (Khoir 2012) stated that there are 11 factors which can be used such as motivation, leadership, organizational culture, employee capability, compensation, employee competency, organization climate, work discipline, carrier development, existing sources, and spiritual. (Mansyur, 2011) stated that the most frequent employee performance determinant in most
Organization culture is formed by an organizational group to move in facing future challenges. Organization culture is a system and values believed by all company members which is comprehended, established and developed sustainably as the goal of strengthening and can be used as guidance of the company in achieving company's goal (Moeldjono 2003;18). The importance of directed organization culture in improving employee performance so there will be high work effectiveness as well as discipline in maintaining work existence has a crucial role. Without a strong organization culture, every individuals or groups will not have direction so there can be harmful actions to the company. Some research findings which support the relation between organization culture and employee culture were found by (Hakim 2012), (Armiati and Ariffin ;2014), Sahban (2015), (Astutik ;2017),(Verawati;2019) which showed that organization culture variable has positive and significant effect on employee performance.

Motivation is a crucial element in human life whose role to realize success in business or individual work. Employee work motivation is a condition which makes the employee to have willingness or needs to achieve a goal by conducting a task. Employee work motivation will supply energy to work or directing activity during working, and cause the employees to know the relevant goal between organization goal and their personal goal. Performance is the result of multiplying motivation, capability, and task. According to (Widajanto 2018) there are some factors influencing employee work motivation such as organizational commitment and leadership style (I. M. P. Astakoni and Oka Pradnyana 2015) leadership, compensation, work discipline, communication work stress, organization culture. Research findings which support the relation between employee motivation and employee performance were found by (Astakoni 2015), (Iskandar and Sembada 2012), (Shati and Dewi ; 2014), (Amalia and Fakhri ;2016) (Armiati and Ariffin ;2014) which showed that motivation variable has positive and significant effect on employee performance. Although there are some other findings such as finding of (Hakim 2012) who found that work motivation has positive effect but not significant upon the employee performance. On other hand, there are many factors which can influence motivation, one of them is organization culture. Research findings which support the relation between organization culture and employee motivation are research by (Koesmono 2005), (Riana and Surya 2014), (Sinha et al. 2010), (Ross and Eeden 2008) (Hakim; 2012), (Hakim 2012), (Catania and Randall ;2013) (Guo, Wang, and Feng ;2014) (Hakiki; 2016) who found that there is positive effect between organization culture and employee work motivation, in which the more conducive the relation among the employees, the more comfortable the organization environment will be, and it trigger employee work motivation.

Village Credit Institution (LPD) is a non-bank financial institution which is formed by Desa Pakraman (Balinese indigenous village) and has a function in empowering Desa Pakraman villagers' economy. LPD empowerment is directed to improve living quality of the villagers to support the Balinese indigenous Village (Bali Province Government, 2002). Institutionally, according to the Head of Village Credit Institution Empowerment Agency (LPLPD) of Bali Province, until June 2016 there were 1,433 LPD in Bali which employed 7,804 people. This number indicated that LPD employment was numerous, which can be seen by comparing the number of LPD in Bali with the number of Desa Pakraman, in total 1,458 villages, so the ratio was 98.28%. Specifically, in Badung Regency, (in 2016) there were 122 LPD which were spread in four districts, i.e. Abiansemal District with 34 LPD; Mengwi District with 38 LPD; Kuta District (Middle South) with 23 LPD and Petang District with 27 LPD. As a financial institution of Desa Pakraman in Bali, based on field observation, there are many success stories of LPD in helping financial of the Desa Pakraman, though there are still some of them were not maximal. LPD in generating village economic social condition is not purely a financial institution which focusing on gaining profit/purely business, yet it is a financial institution based on social religious perspectives of Desa Pakraman in Bali. LPD as a Village Financial Institution operates in saving and loan business, in which the services are savings, deposit, and savings from the people which is delivered in form of effective credits. LPD provides financial services for all villagers including poor people (Sundarianingsih 2014).

LPD services are conducted based on customer needs, i.e. simple procedure, short process, personal approach, and location proximity with the customer are the key success of LPD in gaining the villagers’ trust. The villagers feel comfortable in saving their money as well as having loan in their own LPD. Local culture proximity and psychological proximity with the customer, as well as dynamic
business character are the strength and become one factor which influences LPD performance as a micro financial institution which can survive and competitive with similar financial institutions. However, LPD condition in Desa Pakraman cannot be separated from problems, especially human resources, so a research about the relation among work culture, motivation and the performance from this institution especially in Badung Regency should be conducted.

Based on the research background, so the research problems can be formulated as follows:

1) Does organization culture influence LPD employee performance in Badung Regency?
2) Does organization culture influence LPD employee motivation in Badung Regency?
3) Does employee motivation influence LPD employee performance in Badung Regency?
4) Could employee motivation mediate the relation between organization culture and LPD employee performance in Badung Regency?

Research Purposes
Based on the research questions, the purposes of this research can be formulated as follows:
1. To know and analyze the effect of organization culture on LPD employee performance in Badung Regency.
2. To know and analyze the effect of organization culture on LPD employee motivation in Badung Regency.
3. To know and analyze the effect of employee motivation on LPD employee performance in Badung Regency.
4. To know and analyze mediatory role of employee motivation in the relation between organization culture and LPD employee performance in Badung Regency.

Research Significances
1. Theoretical Significance
This research finding is expected to contribute in theoretical development of Human Resources Management Science, especially about organization development through employee work motivation, and organization culture to improve employee performance especially in LPD employee in Badung Regency.

2. Practical Significance
This research is expected to contribute to LPD of Badung Regency about human resources empowerment as a crucial asset in organization.

II. LITERATURE REVIEW

Organization Culture
The term corporate culture or organization culture has the same meaning, in which in many researches those terms were used together, and both have the same meaning. Organization culture as proposed by (Moeldjono 2003;18) is a system and values believed by all company members which is comprehended, established and developed sustainably as the goal of strengthening and can be used as guidance of the company in achieving company’s goal. According to (Rivai ; 2004; 56), culture of conducting some functions in an organization is (a) a culture of having role to determine limitation, which means culture creates clear difference between one organization to another; (b) culture provides identity to the organization member; (c) culture eases to create broader commitment on individual interest; (d) culture improves social system stability; (e) culture as a meaning maker mechanism and a control to guide as well as form employee attitude and behavior. As proposed by (Pardiman ; 2015) that indicator of organization culture consists of; (1) integrity; there is trust and aspects of moral and ethics which are respected by employee in working consisting of implementation of worship, dedication, and personal and organization reputation, (2) professionalism is high technical ability and mental attitude of orienting on producing or conducting the best. Including: responsibility, discipline, and future oriented. (3) Exemplary; something that can be emulated and followed by others because of the good and right attitude including: be fair, firm, and wise. (4) Appreciation to Human Resources; appreciating human resources as the main asset of the company including maintaining quality human resources, respecting and honoring others, as well as compensation based on the work.

Work Motivation
Definition of motivation is defined differently by experts, based on each place and condition. Berelson and Steiner in (Wahjusumidjo; 1994:212) said "Motivation can be defined as something that gives power, activate or trigger, and guide or connect behavior to the goal". This definition essentially is a common terminology which provides meaning of drives, desires, needs and will. Koontz in (Wahjusumidjo; 1994:178) proposed "the relation among needs, desire and satisfaction is described as a chain (chain of needs-desire and satisfaction), i.e. a reaction which is started with needs and produce desire or effort to achieve the goal, and raise a tension, i.e. unfulfilled desire, which then causes action to the goal and finally satisfy the desire".


In Motivation process theory, “Work motivation is defined as a certain process of giving work motive (drive) to employees so they will work sincerely for the company goal” (Sarwoto; 1997:206).

Employee Performance

Performance is the result of working in a period of time compared to various possibility, such as standard, target/goal or mutual criteria. Performance evaluation has a crucial role in improving motivation in work place. Performance in modern company should be considered in the management. If employee performance in a company is not well-managed so it will be obstacle for the company to achieve its goal. This performance management also acquires company condition adjustment in order to compete with other companies in this globalization era. Mangkunegara (2010:67) “Performance can be defined as the result of work in quality and quantity which can be achieved by an employee in conducting a task in accordance with his/her responsibility”. According to Gibson, 1999 (in Sunarto, 2003:270) there are three factors affecting performance achievement: 1. Individual Factor: ability, skill, family background, work experience, social level, and demography. 2. Psychological Factor: perception, role, attitude, personality, motivation and work satisfaction. 3. Organizational Factor: organization structure, work design, leadership, reward system. According to (Rivai ;2004:309) performance is a function of motivation and ability. Improvement of attitude, fight, service, work discipline, and professional capability can be done through series of coaching and real action so the work achievement improvement and employee commitment can be realized.

To finish a task or job, someone should have level of willingness and certain ability level. Performance can be defined as the result of someone work in finishing a given task based on skill, experience, seriousness and time (M.S. Hasibuan 2012), individual performance is influenced by factors of motivation, ability, and work environment. Factor of motivation has direct relation to employee individual performance. Meanwhile, individual ability and work environment factors has indirect relation to performance. The existence of both factors will affect employee work motivation. Based on the position and relation, so it is highly strategic if the development of employee individual performance is started from improvement of employee work motivation and organization culture.

Hypothesis Development

The Effect of Organization Culture on Employee Performance

According to (Moeldjono ;2003:67) the better the quality factors of organization culture, the better performance of the company. Employee who comprehends the organization values will use these values as an organization personality. These beliefs and values will be realized in form of daily behavior in working, so it will be individual performance.
Widajanto (2018) and (Grody et al. 2012), concluded that organization culture has positive and significant effect on employee performance. This statement is supported by research finding from (Suzanto and Solihin 2012) who found that strong organization culture could improve organization performance. Research finding of (Armiaty and Ariffin; 2014) showed organization culture variable has positive and significant effect on performance of employee of Bank Kalsel in Banjarmasin. Research finding of Sahban (2015) showed that organization culture variable has positive and significant effect on employee performance in Makasar City. Research finding of (Astutik; 2017) also found that organization culture variable has positive and significant effect on employee performance in General Secretary of Jombang House of Representative. Therefore, the hypothesis of this research is as follows:

H1 = Organization culture has positive and significant effect on employee performance in LPD of Badung Regency

The Effect of Organization Culture on Work Motivation
There are many factors influencing employee work motivation, of which one of them is employee perception on organization culture of their company. Every organization has their own way to run their business. Therefore, an organization has different organization culture with others. Research finding of (Koesmono 2005), (Riana and Surya 2014), (Sinha et al. 2010), (Ross and Eeden 2008) (Hakim; 2012) (Catania and Randall ;2013) (Guo, Wang, and Feng ;2014) (Hakiki; 2016) found that there is positive effect between organization culture and employee work motivation. Based on these findings, the second hypothesis is;

H2: Organization culture has positive and significant effect on work motivation.

The Effect of Work Motivation on Employee Performance,
Based on concept of (Veithzal Rivai and Mulyadi 2009), the stronger of the employee work motivation, the higher employee performance will be. It means that every improvement of employee work motivation will cause significant improvement of employee performance. There is positive relation between motivation and performance with achievement, which means manager or employee with high achievement motivation tends to have high work achievement and those who have low achievement tend to have low motivation (Rivai and Sagala 2013:87). It is supported by research finding of (Iskandar and Sembada 2012) who found that work motivation affects employee performance of Bank BJB. As well as the research finding of (Shati and Dewi; 2014), showed that work motivation has positive and significant effect on employee performance of Local Company of West Java Province Tourism. Research finding of (Astakoni 2015) showed that work motivation has positive and significant effect on employee performance in Cooperation of Asadana Denpasar. Research finding of (Amalia and Fakhri; 2016) also found that work motivation has positive and significant effect on employee performance in PT Gramedia Asri Media of Bintaro Branch. Research finding of (Armiaty and Ariffin ;2014) showed motivation variables has positive and significant effect on employee performance of Bank Kalsel in Banjarmasin. Based on these concept and research findings, the hypothesis of this research is formulated as follows:

H3 = Work motivation has positive and significant effect on employee performance in LPD of Badung Regency

Conceptual Framework
Work motivation and organization culture are two things which are believed to drive individual behavior in organization as well as becoming a system which is believed, learnt, implemented and developed sustainably by the member, because it functionates as stimulus and drive for someone to work in achievement in order to achieve organization goal. Conceptual framework describes paradigm of relation among work motivation variable, organization culture variable and employee performance variable, as described in the following picture:
III. RESEARCH METHOD

This study is an explanatory research which describes causal effect relation among variables though hypothesis testing (Sugiyono, 2007:56). This research describes causal effect relation among independent variable, i.e. organization culture with dependent variable, i.e. employee performance which is intervened by employee work motivation.

Population
Population of this research were all Village Credit Institution (LPD) in Badung Regency (in 2016) in total 122 LPD which were spread in four districts, i.e. Abiansemal District with 34 LPD; Mengwi District with 38 LPD; Kuta District (Middle South) with 23 LPD and Petang District with 27 LPD.

Sample
Considering time and cost, this research only collected sample from 12 LPD (10%) which were considered representing rural and urban area. From these 12 LPD samples which were proportionally taken based on distribution of LPD/district, so, distribution of the sample can be seen as follows:

Table: 1

<table>
<thead>
<tr>
<th>Location of Sample</th>
<th>Name of LPD</th>
<th>Number of employee (people)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abiansemal District</td>
<td>LPD Desa Grana</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>LPD Desa Sedang</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>LPD Desa Gerih</td>
<td>6</td>
</tr>
<tr>
<td>Mengwi District</td>
<td>LPD Desa Mengwitani</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>LPD Desa Tumbak Bayuh</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>LPD Desa Lukuk</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>LPD Desa Munggu</td>
<td>6</td>
</tr>
<tr>
<td>Kuta District (Middle South)</td>
<td>LPD Desa Legian</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>LPD Desa Kampial</td>
<td>6</td>
</tr>
<tr>
<td>Petang District</td>
<td>LPD Desa Carangsari</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>LPD Desa Plaga</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>LPD Desa Belok</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>80</td>
</tr>
</tbody>
</table>

Source: Data LPD Badung Regency 2016

Based on field observation, all LPD employee samples were 80 people, so all
employees were considered as the samples of this research. Therefore, this research is a census research.

**Variable Operational Definition**

**Employee Performance (Y)**

Mangkunegara in (Pardiman ; 2015) stated that company performance is the result of work in which the quality and quantity can be achieved by an employee to do a task based on the responsibility. In this research, organization performance variable, operationally were measured by using 6 (six) indicators, namely (Mas’Ud 2004;211), (Astakoni ;2014); (1)Quantity and quality of employee works; (2) Higher efficiency than the established standard of the organization; (3) High innovation of the employees; (4) The given job is finished on time (effective); (5) Knowledge of the employee in accordance with the given task; (6) Job of the employee is in accordance with existing work procedure.

**Work Motivation (X1)**

Work motivation is an influential condition which raise, direct and maintain behavior related to work environment (McCormick, in (Mangkunegara ;2010;94). The most acknowledged motivation theory is needs hierarchy theory proposed by Abraham Maslow. The hypothesis stated that all human have 5 level of needs (Robbins ;2006;86), (Astakoni ;2015) which become indicators, i.e. (1) Physiologic: hungry, thirsty, protection (clothes and house), sex, and other physical needs; (2) Security: safety and protection upon emotional and physical lost; (3) Social: love, ownership, well-acceptance, and friendship; (4) Appreciation: self-appreciation factor such as self-esteem, autonomy, and achievement; respect factor from outside such as status, recognition, and attention; (5) Self-actualization: a drive to make someone/something based on the ambition including growth, potency achievement, and self-needs fulfilment.

**Organization Culture (X2)**

Organization culture is a dominant value spread out in company and referred to employee work philosophy or basic philosophy which provides guidance for company policy in managing its employees and the society” (Moeldjono 2003). In this research, organization culture was measured by using indicators (Mas’Ud ,2004;127): (1) Conformity, means how far the members of organization feel that how many rules, procedures, and policies as well as practices that should be followed during their works; (2) Responsibility, means how far the members feel that they could make decision and solve problem without asking agreement for every steps in finishing the job; (3) Standard, means organization determines challenging purpose/goal for them and communicates the goals to the members; (4) Compensation, means how far the members feel recognized and rewarded for their well-performed work or vice versa; (5) Organizational clarity, means the feeling of organization members of which all run well, tidy, manageable, and with clear goal; (6) Support and attention, means all organization members trust each other and support others, there is good relation feeling in work environment; (7) Leadership, means willingness of organization members to accept leadership and guidance from quality person or competence leadership.

**Research Instrument**

To measure independent and dependent variables in questionnaires, the researcher used Likert scale with evaluation scale of 1 to 5 adjusted for variations in the answers to each question items are “highly agree”, "agree", "quite agree", "do not agree" and "highly do not agree".
Method of Data Collection
Observation was one of the ways to collect primary data and was done by observing object which was the primary data source and the researcher conducted direct review to the location to know the condition and problems about this research by using the following data collection technique: 1) Interview, which was done to employees of LPD in Badung Regency in the level of manager and staff. 2) Questionnaire, means by using some closed questions to employees of LPD in Badung Regency related to motivation, organization culture, and employee performance.

Data Analysis Technique
Descriptive Statistic Analysis
Descriptive analysis was done to describe respondent characteristics and respondent answer characteristics upon the indicators and research construction. In this research, the data analysis used program of SPSS ver 22.

Inferential Statistic Analysis
This analysis used Partial Least Square (PLS) approach. According to (Ghozali 2011) PLS is an alternative approach shifting from SEM approach which is covariant based to be variant based. In PLS, there are two path modeling namely outer model dan inner model, in which both criteria were used in this research.

Outer Model (Measurement Model)
Since the indicators that forms reflective latent variables, so measurement model/outer model, to measure validity and reliability, the indicators were convergent validity, discriminant validity, composite reliability and Cronbach alpha. Convergent validity is a criterion in measuring reflective indicator validity. An indicator is considered valid, if outer loading > 0.50 (Ghozali and Latan 2012). Discriminant Validity, a variable is considered valid if \( \sqrt{AVE} \) or Square root Average Variance Extracted is higher than correlation value among the variables in research model (Ghozali and Latan 2012), and AVE is higher than 0.50.Composite reliability and Cronbach alpha of measurement can be considered reliable if composite reliability and Cronbach alpha is higher than 0.70.

Inner Model (Structural Model)
Evaluation of this structural model was done through some approaches such as: a) R-Square (\( R^2 \)), b) Q-Square Predictive Relevance (\( Q^2 \)), and c) Goodness of Fit (GoF). R-Square(\( R^2 \)) showed the
strength of research model. According to Chin (in Latan and Ghozali 2012), value of R-Square ($R^2$) of 0.67 is categorized as strong model, R-Square ($R^2$) of 0.33 the model is moderate, and R-Square ($R^2$) of 0.19 which is categorized as weak. Q-Square Predictive Relevance ($Q^2$) measures the how the level of the conducted observation gives the result of the research model. Q-Square Predictive Relevance ($Q^2$) value is around 0 (nil) until 1 (one). Criteria of the model strength which is measured based on Q-Square Predictive Relevance ($Q^2$) according to (Ghozali, 2013) is as follows: 0.35 (strong model), 0.15 (moderate model), and 0.02 (weak model). Value of measurement based on Goodness of Fit (GoF) has the range between 0 (nil) until 1 (one). Criteria of the model strength which is measured based on Goodness of Fit (GoF) according to (Ghozali and Latan 2012), is 0.36 (GoF large), 0.25 (GoF medium), and 0.10 (GoF small).

**Test of Mediation Variable Role**

Work motivation variable as mediation variable in this research used Zobel Test which is developed by using the following formula: (Ferdinand 2014:304).

$$z = \frac{ab}{\sqrt{(b^2 \cdot SE_b^2)} + (a^2 \cdot SE_a^2)}$$

In which;

- $a$ = regression coefficient for independent variable effect (organization culture) to mediation variable (work motivation)
- $b$ = regression coefficient for mediation variable effect (work motivation) to dependent variable (employee performance)
- $SE_a$ = standard error of estimate from the independent variable effect (organization culture) to mediation variable (work motivation)
- $SE_b$ = standard error of estimate for mediation variable effect (work motivation) to dependent variable (employee performance)

**IV. RESEARCH RESULT**

**Description of Respondent Characteristic**

Respondent characteristic is a description of respondent existence involved in research, i.e. based on gender, age, work period, the latest education. From all sample of LPD employees in total of 80 people, all of them fulfilled and returned the questionnaires. Based on the existing samples, the research respondent characteristics are as follows:

Considering the gender, most of the respondents in this research were men, i.e. 60 people or 60.00%. Considering the age, majority of the respondents were more than < 30 years old, i.e. 42 people or 52.80%. In term of work period, the most respondents of this research between 5-10 years, i.e. 39 people or 44.70%. In term of latest education, most of the respondents had higher education (Bachelor or Master degree). For comprehensive analysis through crosstab, so it can be observed that most of the employees were relatively young (<30 years old), of which most of the respondents had higher education (Undergraduate/Postgraduate Program) of 39.30% with relatively long work period, so LPD has highly potential human resources to be developed.

**The Result of Inferential Statistic**

Evaluation of Outer Model

The evaluation of latent variable indicators from the three constructs of this study, was done through two times iterations, so the expected outer loading was gained. The lost indicator in evaluation and iteration was latent variable of organization culture (cul2, cul4 and cul6)

Convergent Validity
Convergent Validity from measurement model with reflective indicator can be seen from correlation among the indicator scores with the construct score. Individual indicator was considered valid if it had outer loading value above (>0.50)

Table 1: Outer Loading Hasil Estimasi Model

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Organization Culture</th>
<th>Employee Performance</th>
<th>Work Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cul1</td>
<td>0.727563</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cul3</td>
<td>0.552628</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cul5</td>
<td>0.516416</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cul7</td>
<td>0.689771</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work1</td>
<td>0.634378</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work2</td>
<td>0.872586</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work3</td>
<td>0.738332</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work4</td>
<td>0.860781</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work5</td>
<td>0.79149</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work6</td>
<td>0.571138</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motiv1</td>
<td>0.766257</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motiv2</td>
<td>0.744164</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motiv3</td>
<td>0.829628</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motiv4</td>
<td>0.784626</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motiv5</td>
<td>0.632115</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In Table 1 it can be seen that all indicators which reflect each construct has value of outer loading >0.50 and significant level 0.05 so all indicators were valid

Discriminant Validity
Measurement of indicators validity which formed latent variable, can be done as well through discriminant validity. Output of discriminant validity is shown by the result of data analysis in the following table.

Table 2: Discriminant Validity Test

<table>
<thead>
<tr>
<th>Construct</th>
<th>AVE</th>
<th>√AVE</th>
<th>Organization Culture</th>
<th>Employee Performance</th>
<th>Work Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization Culture</td>
<td>0.594930</td>
<td>0.770911</td>
<td>1.00000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.567099</td>
<td>0.750062</td>
<td>0.424968</td>
<td>1.00000</td>
<td></td>
</tr>
<tr>
<td>Work Motivation</td>
<td>0.568888</td>
<td>0.754240</td>
<td>0.629420</td>
<td>0.718667</td>
<td>1.00000</td>
</tr>
</tbody>
</table>

Table 2 showed AVE value of all constructs > 0.50, and the average score of all squared root of AVE between 0.753060 to 0.770911 which was higher than correlation between constructs i.e. between (0.424968 to 0.718667), so it fulfilled valid requirements based on discriminant validity criteria.

Composite Reliability and Cronbach Alpha
A measurement is categorized reliable if composite reliability and Cronbach alpha has value higher than 0.70. Composite reliability and Cronbach alpha are reliability measurements among indicators blocks in research model.

Table 3. Composite Reliability and Cronbach Alpha Tests

<table>
<thead>
<tr>
<th>Construct</th>
<th>Composite Reliability</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization Culture</td>
<td>0.71844</td>
<td>0.728062</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.88490</td>
<td>0.841608</td>
</tr>
<tr>
<td>Work Motivation</td>
<td>0.867504</td>
<td>0.808850</td>
</tr>
</tbody>
</table>

Table 3 shows that value of composite reliability and Cronbach Alpha of all constructs show value more than 0.70 so it required reliable requirement based on composite reliability criteria.

Evaluation of Inner Model
Inner Model test was used to evaluate relation among latent constructs as hypothesized in this research. Based on PLS output, the picture is as follows:
Picture 3: The Result of Model Management with PLS

The result of Inner Weight in Picture 2 shows that OCB was influenced by employee work satisfaction and organizational commitment, and organizational commitment was influenced by work satisfaction, in which all of them can be described on hypothesis testing as the following description.

Hypothesis Testing

Table 4 shows estimation output to test structural model in which the expected result was Ho was denied or sig value < 0.05 (or value of t statistic > 1.96 for test with level of significant 0.05).

<table>
<thead>
<tr>
<th>Causality Relation</th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Error (STERR)</th>
<th>T Statistics (O/STERR)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization Culture &gt; Employee Performance</td>
<td>0.033992</td>
<td>0.029619</td>
<td>0.04278</td>
<td>0.794578</td>
<td>Not significant</td>
</tr>
<tr>
<td>Organization Culture &gt; Work Motivation</td>
<td>0.62042</td>
<td>0.621067</td>
<td>0.027826</td>
<td>22.296295</td>
<td>Significant</td>
</tr>
<tr>
<td>Work Motivation &gt; Employee Performance</td>
<td>0.739756</td>
<td>0.739841</td>
<td>0.03744</td>
<td>19.599381</td>
<td>Significant</td>
</tr>
</tbody>
</table>

The Result of Hypothesis Testing and Discussion

The Effect of Organization Culture upon Employee Performance

Hypothesis 1, which stated there is positive effect of organization culture on employee performance or the stronger the organization culture, so the higher the employee performance will be. In testing hypothesis 1, it was found that organization culture had negative effect on employee performance with coefficient value of -0.033992 and t-statistic 0.794578 < 1.96), it means that hypothesis 1 was denied. It seems that in accordance to the high influence of Desa Pekraman condition in which the LPD located in Bali, so the stronger bond of local culture will decrease LPD employee performance. The finding of this research is not in line with the research finding of Widajanto (2018) and (Grody et al. 2012), who concluded that organization culture has positive and significant effect on employee performance. This statement is strengthened by research finding from (Suzanto and Solihin 2012) who found that strong organization culture could improve organization performance. Research finding of (Armiaty and Ariffin ;2014) showed organization culture variable has positive and significant effect on employee performance of Bank Kalsel in Banjarmasin. Finding of Sahban (2015) who found that variable of organization culture has positive and significant effect on employee performance in Makasar City. Research finding from (Astutik ;2017) also found that organization culture variable has positive and significant effect on employee performance in General Secretary of Jombang House of Representative.
The Effect of Organization Culture upon Work Motivation

Hypothesis 2, which stated that there is positive effect of organization culture on work motivation or the stronger the organization culture, so the higher the work motivation will be. In hypothesis 2 testing, it was found that organization culture has positive effect with coefficient value 0.62042 and t-statistic 22.296295>1.96), which means that hypothesis 2 was accepted. It seems that in accordance to the high influence of Desa Pekraman condition in which the LPD located in Bali, so the stronger bond of local culture will motivate the employees of LPD to keep growing and improve their services. The finding of this research supports the finding of (Koesmono 2005), (Riana and Surya 2014), (Sinha et al. 2010), (Ross and Eeden 2008) (Hakim; 2012) (Catania and Randall ;2013) (Guo, Wang, and Feng ;2014) (Hakiki; 2016) who found that there is positive effect between organization culture and employee work motivation.

The Effect of Work Motivation upon Employee Performance

Hypothesis 3, which stated that there is positive effect work motivation on employee performance or the higher the work motivation, so the higher the employee performance will be. In hypothesis 3 testing, it was found that work motivation has positive effect with coefficient value 0.739756 and t-statistic 19.599381<1.96), which means hypothesis 3 was accepted.

This research is in line with finding of (Iskandar and Sembada 2012) who proved that work motivation influences Bank BJB employee performance. Research finding (Shati and Dewi ;2014), showed that work motivation has positive and significant effect on employee performance of Local Company of West Java Province Tourism. Research finding of (Astakoni 2015) showed that work motivation has positive and significant effect on employee performance in Cooperation of Asadana Denpasar. Research finding of (Amalia and Fakhri ;2016) also found that work motivation has positive and significant effect on employee performance in PT Gramedia Asri Media of Bintaro Branch. Research finding of (Armiaty and Ariffin ;2014) showed motivation variables has positive and significant effect on employee performance of Bank Kalsel in Banjarmasin.

Indirect Effect of Organization Culture upon Employee Performance through Work Motivation as Mediation Variable

Through the above PLS calculation, it was found that a = 0.62042; b=0.739756; SEa = 0.027826; SEb = 0.037744, so with Zobel Test formula, it was found that z coefficient =14.722708. From the above Zobel test calculation, it was found that z=14.722708>1.96 with significant level of 5%, so it can be stated that work motivation variable could mediate the effect of organization culture upon employee performance in LPD of Badung Regency.

V. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on the hypothesis testing, so it can be concluded that:

Hypothesis 1 stated there is positive effect of organization culture on employee performance. In hypothesis 1 testing, it was found that organization culture had negative effect on employee performance with coefficient value of -0.033992 and t-statistic 0.794578 < 1.96), it means that hypothesis 1 was denied.

Hypothesis 2 stated that there is positive effect of organization culture on work motivation. In hypothesis 2 testing, it was found that organization culture has positive effect with coefficient value 0.62042 and t-statistic 22.296295>1.96), which means that hypothesis 2 was accepted.

Hypothesis 3 stated that there is positive effect work motivation on employee performance. In hypothesis 3 testing, it was found that work motivation has positive effect with coefficient value 0.739756 and t-statistic 19.599381<1.96), which means hypothesis 3 was accepted.

Indirect effect of organization culture on employee performance through work motivation as intervening variable with Zobel test calculation, it can be stated that work motivation variable could mediate the effect of organization culture upon employee performance in LPD of Badung Regency.

Recommendations

Based on the conclusions above things that could be suggested is the influence of negative organizational culture that occurs in LPD Badung will be positive by increasing the motivation of some of the intervening variables on the performance of LPD employees in Badung. It is recommended of LPD in Badung increase motivation of employees so that LPD staff in Badung can compete with other financial institutions. So that LPDs in Badung can succeed in assisting the funding of Pakraman.
villages, although on the other hand there are still some that have not shown maximum results. As it is known, the LPD in mobilizing the socioeconomic rural communities is not a financial institution solely for the sake of profit/pure business concept, but as a funding institution with a social regilious spirit in the middle of Pakraman village in Bali.

REFERENCES


Yenny Verawati and Putu Sudarsani; "The Moderator Role of Organizational Culture in Improving Skill Effect Toward Employee Performance of General Affairs and Human Resources Development Department of Klungkung Regional Public Hospital" Journal IJSEGCE, July 2019/Vol 2/Issue 02/ISSN 2656-3037.