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The effect of Organizational Structure and Capital on the Saving Performance and Loan Units KPN Mertha Husada Gianyar, Bali, Indonesia

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Abstract. The purpose of this study was to analyze the effect of strategy, structure, organizational culture, management style, systems and procedures, human resource management, and skills on the performance of the Mertha Husada Cooperative Savings and Loan Unit. The research was designed using quantitative methods and validated by qualitative methods. The study used 32 samples for quantitative research and 8 key informants for qualitative research. Quantitative data were analyzed using multiple linear correlations and regression techniques, while qualitative data were analyzed using reduce, display, and conclusion (drawing/verifying) techniques. The results of the study found (beta coefficient: 0.525) that the reform of the organizational structure by prioritizing the principle of balance of rights and obligations, authority, and management responsibility, as well as capital structuring using bank loan funds was the dominant factor in improving performance. The study also found that organizational culture factors were -0.22 and human resource management -0.006 had a negative effect on improving performance. From the research results it can be concluded that in an effort to improve the performance of the Mertha Husada Civil Servant Cooperative Savings and Loan Unit, in addition to improving the strategy, organizational structure and capital, management style, it is no less important to pay more attention to improving organizational culture and management. human Resources.

Keywords: structure, systems, share-values, style, staff, skills

1. Introduction

In accordance with article 1 of Law Number 17 of 2012 concerning Cooperatives, it is stated that a cooperative is a legal entity established by an individual or a cooperative legal entity, with the separation of the assets of its members as capital to run a business, which fulfills the common aspirations and needs in the economic field, social, and culture in accordance with the values and principles of cooperatives. KPN Mertha Usada is a type of functional cooperative whose members consist of civil servants in the health sector. This cooperative was founded on December 17, 1967, with legal entity Number 542 / B.H / VIII / 12/1967 in Gianyar Regency,

Bali Province. As a business entity, this cooperative has two types of business fields. One of them is engaged in a savings and loan business or what is commonly called a savings and loan unit.

KPN Mertha Usada has begun to attract attention and become the talk of parties, especially those engaged in cooperatives. The topic of discussion revolves around increasing the ability to provide loans to members and non-members, an increase in job creation or an increase in the number of employees employed, an increase in facilities such as the purchase of a new building, and other things that are unique and attract members and nonmembers. old age savings.

The performance of savings and loan units before 2000 shows that the growth of Return on Equity (ROE) and Return on Assets (ROA) is still very small and slow. This can be seen from the total turnover that can be achieved during 38 years is IDR 495,373,556.50, the number of employees is three people, the maximum credit limit is two million rupiahs, and the number of queues for loan members is 127 people.

Table 1. Net Profit Growth for the Period Before 2000 and After 2000

Year	Net Profit	Percentage	Year	Net Profit	Percentage
1997	57,806,074	7.56	2000	89,166,091	29.00
1998	65,879,296	13.97	2001	167,648,414	88.02
1999	69,166,091	5.69	2002	234,646,003	40.00
Amount	192,851,461	27.22	Amount	491,460,508	157.02

Data source: USP-KPN Mertha Husada Year 2003

Observations in the field show that in the period after 2000 there was a change in management. The new management made several breakthroughs, including implementing a strategy (strategy) focusing on market segments limited to members, improving the organizational structure and capital, organizational culture (shared values) directed at achievement, management style oriented to customer satisfaction, Information systems, and manual procedures (systems and procedures) are updated with computerization, recruitment of employees (staff) through selection and transparency, finally, employee skills improved by using the services of John Robert Power.

The success of the KPN Mertha Husada Savings and Loan Unit was not only in the form of improving financial and non-financial performance but also won the Gianyar Regent award on July 12, 2002, and the Governor of Bali on July 8, 2003. Innovations made in the management process of the KPN Mertha Husada Savings and Loan Unit were in accordance with what was stated by Tom Peters and Robert Waterman (1980) that the alignment of the factors "structure, systems, share-values, style, staff, and skills" is a key factor in the success of a company.

New efforts or innovations applied to the management process are interesting to study. The research objective is to find and test the factors that are significant for improving organizational performance. And the problems in this research are: 1) Do the strategic variables, organizational structure and capital, organizational culture, management style, information systems and procedures, staff, and skills variables simultaneously affect the performance of the Mertha Husada KPN Savings and Loans Unit?. 2) Do the strategy variables, organizational structure and capital, organizational culture, management style, information systems and procedures, staff, and skills variables partially affect the performance of the Mertha Husada KPN Savings and Loans Unit? 3) Which research variable has the most influence on the performance of the Mertha Husada KPN Savings and Loan Unit?

2. Literature Review

2.1 Savings and Loans Unit Performance

In the Decree of the Minister for Small and Medium Entrepreneurs Cooperatives Number 194 / KEP / M / IX / 1998 concerning Guidelines for the Implementation of Health Assessment for Savings and Loans Cooperatives, it is stated that the health of savings and loan cooperatives and cooperative savings and loan units is the condition or condition of the cooperative which is declared healthy, quite healthy, lacking healthy, and unhealthy. Performance is assessed using quantitative and qualitative approaches to various aspects that affect the conditions and development of savings and loan cooperatives.

2.1.1 Strategy

Strategy in management can be interpreted as a managerial effort to overcome weaknesses, threats, and then grow, develop company strengths in order to exploit business opportunities that arise to achieve company goals in accordance with the vision, mission, and objectives that have been determined. There are three main components that need to be understood in the strategic management process, namely (1) analysis of the business environment to detect business opportunities and threats, (2) analysis of company profiles to identify company strengths and weaknesses, and (3) business strategy needed to achieve goals. company in accordance with the vision and mission that has been set (Swarsono Muhamad, 2000). Analysis of the business environment and company profile in addition to providing an understanding of the company's position and strategies that can be carried out can also provide an understanding of what company owners and management want.

In practice, the components of business strategy are carried out in accordance with the main functions of management which are interrelated and interconnected, namely between the planning, implementation, and control functions. A decision is called a strategic decision if the decision involves top management, both at the corporate, business, and functional levels have broad, long-term implications, and results in the authorization of significant use of resources (Setiawan and Zulkiflimansyah, 1999).

According to Porter (1987), it is necessary to consider five competitive forces in formulating strategic planning, namely the strengths of (1) new competitors, (2) supplier bargaining, (3) buyer bargaining, (4) substituted products, and (5) strength. competition between existing companies. However, Porter added that even though a company has many weaknesses and strengths when dealing with competitors, basically there are three competitive advantages that can be selected as a competitive advantage strategy, namely low cost (overall cost leadership), uniqueness of a product (differentiation leadership), and focus (focus or generic strategies). The competitive advantage of the focus strategy itself can be divided into two, namely a focus on low-cost products and a focus on products that have their own uniqueness.

Which strategy is chosen, whether a low-cost strategy or a differentiation strategy, in its implementation according to Renald Kazali (2000), it is necessary to consider segmentation, targeting, positioning, and consideration of the marketing mix carefully and precisely. The marketing mix approach is important to pay attention to, especially which includes (1) product quality, (2) product prices are cheaper than competitors (price), (3) more accessible places (place), and (4) promotion on target (promotion). According to Renald Kazali, an effective marketing mix always refers to clear consumer segmentation, targeting, and positioning.

2.1.2 Organizational Structure and Capital

a) Organizational Structure

Every organization has specific goals and every organizational structure is designed to achieve organizational goals. The cooperative organization consists of three elements, namely (1) the element of the member meeting as the highest authority holder, (2) the supervisory element in charge of overseeing the running of the organization, and (3) the element of the management that drives the organization. According to Gibson (1997), organizational structure determines organizational performance by influencing individual and group behavior in an organization. The organizational structure deals with the rights, obligations, powers, and responsibilities of everyone in the organizational structure. Those who sit in the organizational structure, such as supervisors, administrators, and employees in carrying out their duties will adjust their activities or behavior in accordance with the rights, obligations, powers, and responsibilities given. They work not based on what they like, but according to the rules set, and then the organization pays them for the task or work completed. In the end, the management process through such an organizational structure influences and determines the performance of an organization.

b) Capital Structure

The capital structure describes the relationship between the types of capital used and changes in the value of a company. If in a company there is a change in the capital structure and causes changes in financial performance in a positive and significant direction, it means that the company organization has the best capital structure and vice versa. Each type of capital used has a cost and the size of the cost of each capital depends on the source of the type of capital used. There are explicit costs of capital, such as capital from bank loans, but some are implicit, such as capital that comes from their own funds.

Regarding the effectiveness of business decisions to use their own capital or borrowed capital, according to Suad Husnan and Eny Pudjiastuti (1998), it really depends on the company's position and tax policy. If the company is in a market position with perfect competition and tax-free, the decision to use its own capital or loans is irrelevant. However, this is different from the cooperative capital structure which is regulated by separate statutory regulations. The capital structure of a cooperative consists of a principal deposit and a cooperative capital certificate. In addition to principal deposits and cooperative capital certificates, cooperative capital can also come from (1) grants, (2) investment capital, and (3) loan capital originating from members, other cooperatives and/or their members, banks, and other financial institutions, issuance of bonds, other debt securities, government or local governments, and other legal sources that are not against the articles of association and / or the provisions of laws and regulations (Article 66).

2.1.3 Organizational Culture

Soekanto (1990) stated that where there is a society there is culture. Analogs of this axiom can also be stated that where there is an organization there is also culture. Organizational culture is a complex which includes knowledge, beliefs, arts, legal morals, customs, and other abilities, as well as habits acquired as members of the organization where they work, or in other words, culture is all the work, taste, and human creativity in organizations. Organizational culture can improve the performance of a company. According to Swarsono (2002), it depends on the extent to which managers are able to make adjustments to the cultural environment in which the company is operated. Managers should be able to identify parameters and develop cultural sensitivity, understand the managerial implications of this, avoid ethnocentrism, and take advantage of the positive aspects of culture as a complement to managerial competence.

Organizational culture is the values adopted and applied to an organization. These values serve as glue and a reference for behavior for organizational members to achieve the organizational goals that have been set. Organizational culture is related to the attitude or behavior of a person in carrying out work based on espoused values. Therefore, organizational culture is recognized as an important component in improving organizational performance (Nuraini, 2017).

2.1.4 Management Style

Talking about leadership style is basically talking about management style (Miftah Toha, 2001). Leadership is broader than management. Management is a special type of thinking of leadership in an effort to achieve organizational goals. Management is leadership that is limited by certain rules or certain functions in an organization, both in public organizations and in private organizations. While leadership is not limited by bureaucratic manners, it influences the behavior of others and creates new orders to achieve organizational goals. Keith Davis and Newstrom (1989) stated that there are four general traits that influence a person's management style, namely (1) intelligence is higher than the one being led, (2) maturity and breadth of social relationships, (3) self-motivation for achievement, and (4)) recognizes the dignity and honor of his followers or subordinates. According to Davis and Newstrom, a leader who has four general characteristics is able to motivate, assess, guide, control subordinates, and encourage subordinates to participate in decision making. Davis and Newstrom added that leaders who have these four general characteristics are able to identify threats and opportunities (external factors), weaknesses and strengths (internal factors), and in the end, are able to make decisions that can improve the company's organizational performance that benefits related parties.

2.1.5 Information Systems and Operational Procedures

The information system is a set of interconnected components and functions to collect, process, store, and distribute information to support planning, supervision, and decision making (Fakri and Wibowo, 2001). The information system functions to support decision making, coordination, and supervision of management processes. In addition, it can also assist management in mapping problems, analyzing problems, creating products, services, and manufacturing. The importance of information systems in improving the performance of an organization is recognized by McLeod (2004). McLeod said that in practice, management manages two resources, namely physical resources and information resources or conceptual resources. Information systems as resources have a broad scope, such as accounting, financial, marketing, human resources, and other information systems that are designed and developed according to organizational needs in an effort to improve organizational performance. Information systems and procedures are two things that cannot be separated. A good information system encourages operational procedures to run well and vice versa.

2.1.6 Staff

Discussing staff basically cannot be separated from human resource management (HRM). According to Siagian (2003), the concept of HRM was born based on deep thinking about humans. Siagian said that humans are the most important part of the administration and management process. Due to the importance of human resources in the life of every organization, the most appropriate approach to understanding HRM is a multidimensional approach, namely the political, economic, legal, socio-cultural, and technological dimensions. Any policies formulated and stipulated in HRM must relate to the objectives of HRM. Siagian said that the goals of HRM are related to four aspects, namely aspects of society as a whole, the organization concerned, functional, and personal goals as a member of the organization. HRM

includes planning, analysis, and work design, workforce recruitment, employee selection, employee placement, development, career planning, job performance appraisal, reward system, maintenance of relationships with employees, employee audits, and others that should refer to the HRM goals.

2.1.7 Skills

Skills or skills can be divided into two, namely hard skills and soft skills. Hard skills are specific skills needed in a job. This can usually be obtained through formal education, such as education in higher education and participating in various training programs, such as leadership training, applied management, and various programs. Conversely, soft skills are attributes and personality traits of a person that affect interpersonal relationships at work (Tsalis, 2020). Hard skills can be learned, evaluated, and measured, whereas soft skills cannot be learned by rote because these abilities are more complex, involving intellectual, emotional, and spiritual intelligence. According to Tsalis, in the world of work, soft skills and hard skills are equally important in improving performance.

2.2 Literature Framework

Based on research problems, theoretical studies, and research results, a pattern or frame of mind can be built to solve research problems. The research problem is the efforts made by management to improve organizational performance, namely strategy (X1), organizational structure and capital (X2), organizational culture (X3), management style (X4), information systems and procedures (X5), staff (X6), and skills (X7). Each of the variables studied can be grouped into three types of research variables, namely the dependent variable, the moderating variable (X4), and the independent variable (Y). According to Tom Peters and Waterman (1980), the dependent variable and the moderating variable interact with each other, either jointly or partially affecting the performance of an organization.

3. Research Methods

The research design used is concurrently embedded, which is a combination of quantitative and qualitative approaches to the same research problem (Creswell and Clark, 2007). However, the quantitative approach is more dominant. This means that a qualitative approach is used to validate the results of quantitative research. The quantitative approach uses multiple linear regressions to determine the effect of several independent variables on the dependent variable. Because the quantitative approach is more dominant, the formulation of the research problem must be clear before the research is carried out (Cooper and Emory, 1996).

3.1 Quantitative and Qualitative Data

The initial step is to determine the study population. The population is all elements of management, namely elements of coaches, supervisors, administrators, managers, and employees of 32 people. Because the population is small, to meet the data normality requirements, the entire population is taken as respondents or research subjects.

The data collection technique used questionnaires, in-depth interviews, focus group discussions, and indirect observation. The questionnaire was used to explore the thoughts, feelings, attitudes, beliefs, values, perceptions, personalities, and behaviors of the respondents. In-depth interviews were conducted with key informants, structured or unstructured, face to face, and or by telephone, if the situation supported. Focus group discussions involve those who understand cooperatives, namely cooperative supervisors, supervisors, managers, and observers of cooperatives. Indirect observation is carried out using the senses and aids in the form of cameras, writing instruments, voice recorders, and pictures (handicap).

3.2 Data analysis technique

The data analysis technique used is descriptive analysis techniques, correlation, and multiple linear regression analysis techniques. Descriptive analysis is used to generate categories for respondents' answers. Multiple linear regression analysis is used to evaluate whether the research model shows the goodness of fit of the variables studied. Qualitative analysis techniques are used to analyze the results of quantitative research that are incompatible with the expected research model.

4. Results and Discussions

4.1 Performance Analysis

Performance appraisal is carried out in accordance with the Decree of the Minister of Cooperatives, Small and Medium Enterprises, and uses quantitative and qualitative approaches. Assessment of quantitative and qualitative aspects includes the capital aspect (weight 20%), earning asset quality (weight 30%), management (weight 25% weight), profitability (weight 15% weight), and liquidity aspect assessment (weight 10%). The results of the assessment of these aspects showed a score of 93.00%. This means that the performance of USP KPN Mertha Husada is in the healthy category.

4.2 Correlation Analysis

In the correlation analysis, there is no standard limit regarding the significant correlation value. Many studies show that if the correlation value is above 0.5, it is said that the correlation is getting stronger. Conversely, if the correlation value is below 0.5, it is said that the correlation is getting weaker. Based on this understanding, in the correlation analysis of the results of this study, it can be said that there are five variables showing a correlation value above 0.50, namely the strategy variable (0.51), organizational structure and capital (0.76), organizational culture (0.52), information systems and operational procedures (0.66), and skills (0.64). In addition, one variable shows a correlation value equal to 0.50, namely the management style variable, while one other variable is the human resource management variable or HRM (0.41). The correlation of research variables can be explained as follows.

Strategic variables are measured by ten indicators, namely the ability to (1) design products, (2) service, (3) collect funds and distribute credit to members, (4) to non-members, (5) provide fast, accurate information, and satisfying customers, (6) knowledge and ethics, (7) prompt, precise, and satisfying service, (8) facilities and equipment, (9) attractive appearance, and (10) recognition from cooperative supervisors in the form of awards for their achievements. The results of the correlation analysis show the number 0.51 and significant at alpha 0.05. This means that the efforts made by management have a positive functional relationship and are quite strong in improving the performance of the USP KPN Mertha Husada.

The variables of organizational structure and capital are measured by ten indicators, namely (1) management adheres to a balanced representation of the represented institutions (Health Service, Sanjiwani Hospital, and Puskesmas in Gianyar Regency), (2) clarity of division of tasks for administrators, supervisors, and managers, (3) clarity of delegation of management authority to managers, (4) clarity of rights, obligations, powers, and responsibilities between managers and each head of the division under them, (5) policy on funds originating from the public, (6) policy on funds originating from financial institutions, (7) prudential principles in distributing credit, (8) diversification of funding according to civil servants' rank class, (9) investment policies, and (10) policies on residual income (SHU). The results of the correlation analysis showed the number 0.76 and were significant at alpha 0.05. This means that the efforts made by management on the organizational structure and capital have a positive and strongest

functional relationship to the performance improvement of the USP KPN Mertha Husada when compared to other efforts.

Organizational culture variables are measured by ten indicators, namely (1) democracy in the selection of administrators and supervisors, (2) active participation of members in preparing short and long term work plans, (3) consistency in holding annual member meetings (RAT), (4) implementation an achievement system, (5) equality of men and women in the acceptance of job opportunities, (6) equal career opportunities between men and women, (7) availability of places of worship, (8) social mission or concern for the environment, (9) task-oriented, competence, achievements, and the future of the organization, and (10) family ties of joy and sorrow. The results of the correlation analysis show the number 0.52 and significant at alpha 0.05. This means that the efforts made by management in creating an achievement-oriented organizational culture have a positive functional relationship and are strong enough to improve the performance of USP KPN Mertha Husada.

Management style variables are measured by ten indicators, namely (1) the level of education of administrators, supervisors, and managers, (2) experience of administrators, supervisors, and managers in the financial sector, (3) consistent use of media or meetings to establish communication, (4)) participation of subordinates in decision making, (5) mechanisms of delegation of authority, (6) maturity in fostering social relationships, (7) ability to motivate, assess, guide, and control subordinates, (8) ability to collect and process information from outside, (9) the ability to identify threats, opportunities, weaknesses, and strengths, and (10) decisions that benefit interested parties (stakeholders). The results of the correlation analysis show the number 0.50 and significant at alpha 0.05. This means that the efforts made by management on these ten indicators have a positive functional relationship and are strong enough to improve the performance of USP KPN Mertha Husada.

Information system and procedure variables are measured by ten indicators, namely in the form of policies that regulate (1) financial data processing systems according to the provisions, (2) appraisal, (3) binding collateral to debtors, (4) to administrators, supervisors, managers, and employees, (5) prohibition on the use of position and position for personal gain, (6) speculative credit extension, (7) credit limit, (8) collateral, (9) monitoring of maturing obligations, and (10) policies set limits on the authority to provide credit. The results of the correlation analysis showed the number 0.66 and were significant at alpha 0.05. This means that the efforts made by management to update the information system and operational procedures have a positive and strong enough functional relationship to the performance improvement of the USP KPN Mertha Husada.

The human resource management variable is measured by ten indicators, namely (1) planning for employee needs, (2) a recruitment system and (3) a transparent selection system, (4) a fair payroll system, (5) a clear career development system, (6) assessment of which jobs encourage (leverage) and which jobs are hindering, (7) the placement of the right people in the right place, (8) termination rules that guarantee employee rights, (9) a performance audit system, and (10) guarantee in the form of an old age savings (THT). The results of the correlation analysis show the number of 0.41 and significance at alpha 0.05. This means that the efforts made by management to reform HRM has a positive functional relationship, but weak to the performance improvement of the USP KPN Mertha Husada.

The skill variable is measured by ten indicators, namely (1) programmed and written education and training plans and (2) carried out regularly at least once a year, (3) assigning employees to attend seminars/courses/meetings- meetings for empowerment and (4) problem solving, (5) training in position or at work, (6) regular rotation of positions/assignments, (7) apprenticeship system for employees who will be assigned certain tasks, (8) preparing books relevant reading books, (9) availability of learning facilities, and (10) availability of training

outcome assessment instruments. The results of the correlation analysis showed the number 0.64 and significant at alpha 0.05. This means that the efforts made by management in the field of hard skills and soft skills have a positive and strong enough functional relationship to the performance improvement of the USP KPN Mertha Husada.

4.3 Multiple Linear Regression Analysis Technique

Based on the multiple linear regression analysis techniques which refer to the research model, the regression constant is 0.742 and a strategy coefficient of 0.015X₁, organizational structure and capital + 0.525X₂, organizational culture -0.022X₃, management style 0.126X₄, information systems and operational procedures 0.209X₅, staff or HRM -0.006X₆ and the coefficient of skills or skills 0.109X₇. The results of this multiple linear regression analysis can be arranged into a research model as follows.

$$\hat{Y} = 0,742 + 0,015X_1 + 0,525X_2 - 0,022X_3 + 0,126X_4 + 0,209X_5 - 0,006X_6 + 0,109X_7$$

The multiple linear regression models can be explained as follows. If management does not update the management process, the performance of USP KPN Merta Husada is 0.742 in one unit. However, if management only made updates on the organizational structure and capital, performance would increase by 1.267 in one unit (0.742 + 0.525). The coefficient of culture and staff variables or HRM has a negative notation of -0.022X₃ and -0.006X₆ can be explained as follows. If management only makes improvements to organizational culture and HRM, while other variables are ignored, organizational performance decreases by 0.028 in one unit. Based on the results of the qualitative research analysis, it can be explained that the negative coefficient is caused by limited time and management's ability to update the organizational culture and attention to staff or HRM has not matched the expectations of employees as organizational members. The results of these findings can be valuable input for the management of USP KPN Mertha Husada so that employees can benefit from realizing an organizational culture and improving HRM.

Of the seven research variables, it was found that the organizational structure and capital structure had the largest beta coefficient value (0.525) when compared to the other six research variables. This means that the research variables have a dominant effect on the performance of USP KPN Merta Husada. This is consistent with the results of qualitative research as stated by Suardana (2003) which states that capital structuring is carried out using bank loan funds as long as the cost of capital is lower than interest income on lending. Research conducted by Tria (2017) concluded that own capital and loan capital both have a positive and significant effect on the residual income (SHU).

5. Conclusions and Recommendations

5.1 Conclusions

Based on the research problems, research objectives, research results analyzed descriptively, quantitatively, and various types of testing validated by qualitative research results, it can be concluded as follows.

1. The performance improvement of the USP KPN Mertha Husada was influenced by efforts to reform the organizational structure that apply the principle of balance between rights and obligations, between authority and responsibility of management elements, and the renewal of the capital structure.
2. Improvements in HRM and the creation of a performance-oriented organizational culture have not met expectations so that employees as management elements have not given the best response in improving organizational performance.

3. The findings in this study, especially the coefficient of research variables that have a negative notation can be valuable input for the management of USP KPN Mertha Husada in an effort to improve organizational performance.

5.2 Recommendations

From the above conclusions, suggestions for improvements and enhancing the performance of USP KPN Mertha Husada can be given as follows:

1. The management of USP KPN Mertha Husada needs to make improvements to the organizational culture and HR, to improve organizational performance, with the hope that employees as organizational members, in order to realize the organizational culture and improve HRM can be felt by employees.
2. The management of USP KPN Mertha Husada needs to reform the organizational structure and improve the capital structure so that it still has a dominant influence on organizational performance, by using bank loan funds as long as the cost of capital is lower than interest income on lending.

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