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The Effect of Organizational Transformation,
Compensation and Organizational Culture on
Performance of Regional Government Bureaucracy in
Sumedang Regency West Java Province

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Abstract

The purpose of this study was to analyze the influence the organizational transformation, compensation and organizational culture on the performance of local government

bureaucracies in Sumedang Regency, West Java Province, Indonesia. This study used quantitative designs. The data collection was carried out by a survey to collect information from respondents using a questionnaire. The population in this study was all civil servants in Sumedang Regency, with a number of respondents amounting to 386 people based on the Slovin's formula for sampling. The data analysis technique used is the Structural Equation Modeling (SEM) with results showing that organizational transformation, compensation and organizational culture have a significant influence on the performance of the Sumedang Regency Government Bureaucracy.

Keywords: organizational transformation, compensation, organizational culture, bureaucratic performance

1. Introduction

The organization is a container for a group of people and has certain specific goals and to achieve a certain goal. Achieving organizational goals shows the results of work or organizational achievements and shows organizational performance. In an effort to achieve organizational goals that have been implemented in a certain period of time, optimal organizational performance is always expected on issues related to organizational performance, including the performance of the local government bureaucracy which is a form of formal organization at the regional government level.

The concept of performance (performance) according to Mahsun (2006: 25) is a description of the level of achievement of the implementation of an activity / program / policy in realizing the goals, objectives, mission, and vision of the organization contained in the strategic planning of an organization. In the context of the organization, this means that the performance of an organization can be seen from the extent to which the organization can achieve goals based on the objectives that have been previously set. Performance is the result of collaborative activities between members or organizational components in order to realize organizational goals. Simply put, performance is a product of administrative activities, namely collaborative activities in an organization or group to achieve the management objectives commonly referred to as management.

The Regional Government of Sumedang Regency is one of the districts in West Java Province which obtained the lowest score as a result of organizational performance evaluation provided by the Ministry of Administrative Reform and Bureaucratic Reform. In 2017, Sumedang Regency obtained a C value or a number of 47.30 in the lowest order of 27 regencies / cities in West Java.

This shows the description of Sumedang District's performance compared to other regions in West Java in 2017 based on the assessment of the Sumedang District Government Performance Accountability Report (LAKIP) in 2017. Even though in 2017, the organization of regional apparatus organizations was carried out based on the provisions of Government Regulation Number. 18 of 2016 concerning Regional Authorities, previously regulated by Government Regulation Number 41 of 2007 concerning Regional Authorities.

The presence of regional apparatus organizations in general is seen as not yet able to provide

maximum support related to the implementation of regional autonomy. Normatively the formation of regional apparatus organizations has accommodated the prevailing provisions, but in reality, the existing organizations provide financial burdens for the regions. The budget is more used for employee operational costs than the implementation of the financing of the business itself or the cost of development. In other parts, the presence of technical regulations that require the establishment of regional apparatus organizations as a place to carry out certain matters adds to the regional burden. As a result, organizations that were formed even though they did not contribute much to the interests of the community were retained and spent on public funds.

In addition, it is not uncommon for the spirit to form regional organizations so far to accommodate the interests of adding structural positions. The larger the organization, the greater the existing structure so that the greater the chance of an employee to take office. This is in line with the opinion of Tahir (2016: 12) that the presence of organizations formed as if only wanted to accommodate the interests of civil servants or bureaucrats in the regions.

The symptoms of the organization's swelling were compounded by the inefficiency of resource use, the widening range of controls and the lack of integration of the handling of functions that should be handled by one unit into several organizational units, causing overlapping business affairs. This condition often creates a conflict of interest among the regional organizations itself. The negative impact is that public services are neglected.

The current symptoms indicate that the formation of regional apparatus organizations has not been able to develop the spirit of regional autonomy which gives the region the authority to develop an organizational structure based on its vision and mission. The formation of regional government organizations has been based on legislation (rule driven organization). The inconsistency between the size of the organization formed with the vision and mission determined causes the implementation of regional government to run in the corridor of routine, but it is not able to bring about fundamental changes in the area according to planning, so it does not contribute to the success of regional development and public services. Even though it should have been in the preparation of government organizations to use rightsizing strategy. According to Child (2015:99), "rightsizing" refers to a process that is carefully thought-out and designed to support long-term organizational strategy. In other words, this approach to downsizing recognizes that it provides an opportunity to achieve an organizational transformation towards lean production, re-engineering, a focus on core competencies or other aspects of organizational reform.

Regulations concerning the organization of regional apparatus were previously regulated in Government Regulation Number 41 of 2007 concerning Regional Authorities, then with the issuance of Law Number. 23 of 2014 concerning Regional Government, the form and organizational structure of regional apparatus are then regulated by Government Regulation Number. 18 of 2016 concerning Regional Authorities. Some fundamental differences between the two rules include the arrangement of regional instruments, the method of determining the size of the organization, the typology of determining the size of the organization, and the existence of provisions regarding multipliers for border areas, cities, and islands. Provisions

regarding the organization of regional apparatus of Sumedang Regency are regulated in the Regional Regulation Number. 11 of 2016 concerning the Formation and Composition of Regional Equipment of Sumedang Regency, has implications for changes in the composition and shape of regional equipment. The arrangement of regional equipment in accordance with these provisions consists of the Secretariat of Regency (Type A), Regional People's Representative Assembly (DPRD) Secretariat (Type A), Inspectorate (Type A), 19 Local Authorities (16 Type A, 2 Types B and 1 Type C), 4 Local Agency (2 type A and 2 type B), 26 Subdistricts, plus 3 regional authorities waiting for more advanced settings, namely Local Hospital (RSUD), National Unity and Politics Office and Regional Disaster Management Agency (BPBD).

Based on this regional regulation, then some organizational changes include the addition of a number of structural positions including level IIb as many as 1 position, echelon IIIa as many as 3 positions, echelon IIIb as many as 9 positions, and echelon IVa as many as 27 positions. While echelon IVb was reduced by 40 positions (information from the Institutional Sub-Section Head of Sumedang District Organization Section on 12 February 2018). The addition of this position will certainly add to the burden of financing the apparatus expenditure given the addition of positions means the addition of office allowances and other office operating expenses. Besides that, there are also regional apparatuses that were previously in the form of a Agency, with regional regulations that have just turned into Dinas, such as filing and library affairs, environmental affairs, and women's empowerment affairs.

According to Siagian (1995: 1) the demands of realizing organizational change can arise from two sources, namely from within and from outside the organization. The existence of several symptoms of changes at the level of policy governing the Region above clearly influences the demands of organizational change from outside the organization. Robbins (1983: 419) argues that as long as organizations face change - among them caused by government regulations and tax policies that affect organizations have been replaced - the organization answers or accepts a decline that cannot be avoided in organizational effectiveness. In line with this, Popovich (1998: 34) considers that "Sometimes, organizations must change to provide higher quality and more appropriate services at equal or reduce costs. To reach high performance, all aspects of an organization that must eventually be open to change ".

On the other hand, to achieve this, the organization must be able to create conditions that can encourage and enable employees to develop and improve their abilities and skills that are optimally owned. One effort that can be taken by the organization to increase its effectiveness is to provide a satisfactory reward system. As the opinion of Handoko (1994: 156) that a way to improve organizational performance is through the provision of compensation or reward systems.

An important reward system for employees as individuals because the amount of compensation reflects the size of the value of their work among the employees themselves, their families and the community. According to Handoko (1994: 155) the system rewards program is also important for the organization, because it reflects the organization's efforts to maintain human resources or in other words so that employees have high loyalty and

commitment to the organization.

The regional apparatus organization, as the lowest organizational structure of the government and directly dealing with the community in providing services, has since undergone independence several times to change the format of the organization. This is related to changes in government policies governing regional apparatus, most recently by Law No. 23 of 2014 concerning Regional Government and Government Regulation Number 18 of 2016 concerning Regional Authorities.

Siagian (1995: 1) states that demands for realizing organizational change can arise from two sources, namely from within and from outside the organization. The existence of several symptoms of changes at the level of policy governing the Region above clearly influences the demands of organizational change from outside the organization. Robbins (1983: 419) argues that as long as organizations face change - among them caused by government regulations and tax policies that affect the organization have been replaced - the organization responds to or accepts a decline that cannot be avoided in effectiveness.

Regarding organizational transformation, Gouillart and Kelly (1995: 7) say that organizations can always adapt to their surroundings, four stages of organizational renewal, which are known as the 4R model for organizational transformation, namely "Reframing, Restructuring, Revitalization and Renewal". The first stage of organizational transformation is organizational renewal by rearranging the organizational goals framework by establishing the organization's vision and mission. The second stage is about reorganizing the organizational structure tailored to the organization's vision and mission. The third stage is strengthening the existing functions, improving the climate, mechanisms and organizational culture to suit the demands of the community. The fourth stage is to renew the people, either in the form of substituting people or renewing their outlook and enthusiasm.

Michael and Harold (1993: 443) divide compensation into three forms, namely material, social and activity. The form of material compensation is not only in the form of money, such as salaries, bonuses and commissions, but all forms of physical reinforcers, such as parking facilities, telephone and comfortable office space, as well as various forms of benefits such as pensions, health insurance. While social compensation is closely related to the need to interact with others. This form of compensation is for example status, recognition as an expert in the field, appreciation for achievement, promotion, certainty of tenure, recreation, formation of decision-making groups, and special groups formed to solve organizational problems.

While activity compensation is compensation that is able to compensate for aspects of work that are not liked by providing opportunities to carry out certain activities. The form of activity compensation can be in the form of "power" owned by an employee to carry out activities outside of his routine work so as not to arise work boredom, delegation of authority, responsibility (autonomy), participation in decision making, and personality development training.

Regarding bureaucratic performance, Nortan and Kaplan (1996: 25) use several criteria to be

used as guidelines in assessing organizational performance, among others, measuring financial and non-financial performance consisting of four perspectives, namely financial perspective, customer perspective (customer perspective), the perspective of internal business processes (internal business process perspective), learning and growth perspective (learning and growth perspective).

From the initial phenomena about the organizational transformation of regional apparatus which tended to be a proliferation of organizations, compensation for civil servants that exceeded the regional financial capacity, and low commitment of employees to organizational culture which resulted in low performance of local government bureaucracies in Sumedang District, encouraging writers to further research related to the symptoms of the government. The focus of this research is directed at the phenomenon of the influence of organizational transformation, compensation and organizational culture on the performance of local government bureaucracies. Thus in the future it is expected that organizational transformation, compensation, and a conducive organizational culture will improve the performance of the bureaucracy. Based on these considerations, the central theme of this research was formulated with the title: "The Effect of Organizational Transformation, Compensation and Organizational Culture on the Performance of Regional Government Bureaucracy in Sumedang Regency, West Java Province".

2. Method

The method used in this study is a quantitative method, with analysis tools using Structural Equation Modeling (SEM). SEM is the right analysis used for multivariate analysis in social studies other than finance or variables used using the nominal scale / ratio. Organizational transformation variables in this study are defined as exogenous latent variables (ξ_1) as formulated by Gouillart and Kelly (1995), namely: (1) reframing, (2) restructuring, (3) revitalization and (4) renewing people. The compensation variable in this study is defined as exogenous latent variable (ξ_2) as formulated by Michael and Harold (1993: 443), namely: (1) material, (2) social, and (3) activity. The regional organizational culture variable is defined as the exogenous latent variable (ξ_3) with reference to Robbins (2013) opinion that organizational culture can be determined through: (1) innovation and courage to take risks, (2) attention to detail, (3) oriented to results, (4) oriented to humans, (5) team oriented, (6) aggressiveness and (7) stability. The bureaucratic performance variable in this study is determined as a variable (η_1) with reference to the opinions of Norton and Kaplan (1996) which suggest that bureaucratic performance is determined by: (1) finance, (2) customers, (3) internal processes, and (4) learning and growth.

The unit of analysis of this study is all regional authorities in Sumedang Regency. Therefore, the population of this study is the respondent group of employees of the State Civil Apparatus (ASN) as members of the regional apparatus organization based on the Regional Organization Structure in Sumedang Regency. In this study determining the sample size (sample size) of the entire ASN employee population in the regional apparatus in Sumedang Regency which amounted to 11,395 persons, the amount was determined based on Slovin formula (Sugiyono, 2011) obtained number of samples 386 persons (3.28% of population

size). The research questionnaire contained 42 indicators derived from independent variables namely organizational transformation, compensation, organizational culture and 13 indicators derived from the dependent variable, namely the performance of the regional government bureaucracy. To confirm the results of the quantitative analysis test, interviews were conducted with resource persons, among others, with the Regional Secretary and the Head of the Sumedang District Human Resources and Human Resources Development Agency.

3. Research Result and Discussion

In this study some analysis will be conducted on the data that has been obtained by using quantitative method analysis to determine the composition of respondents used and analysis of SEM which is used to test hypotheses that have been determined by the researcher. Quantitative data analysis technique that is testing the hypothesis and answering the formulation of the problem proposed, the meaning implies that after the data is collected through certain techniques, then further processing data with statistical tests to produce research conclusions.

The raw data collected needs to be processed and analyzed so that the data becomes meaningful and meaningful so that it is useful in solving the problem under study, which in turn becomes a research conclusion. The purpose of the data analysis is to present raw data that has been collected so that it is easily interpreted into meaningful information.

In the model specification phase related to the formation of a model which is the formation of a relationship between one latent variable and another latent variable and the formation of a relationship between latent variables and manifest variables based on valid theory. Merging all SEM components into a complete model of the measurement model and structural model, commonly called Full and Hybrid Model, Merging all SEM components is illustrated in the flow diagram (Path Diagram) to make it easier to see the causality relationships that want to be tested can be seen in Figure 1.

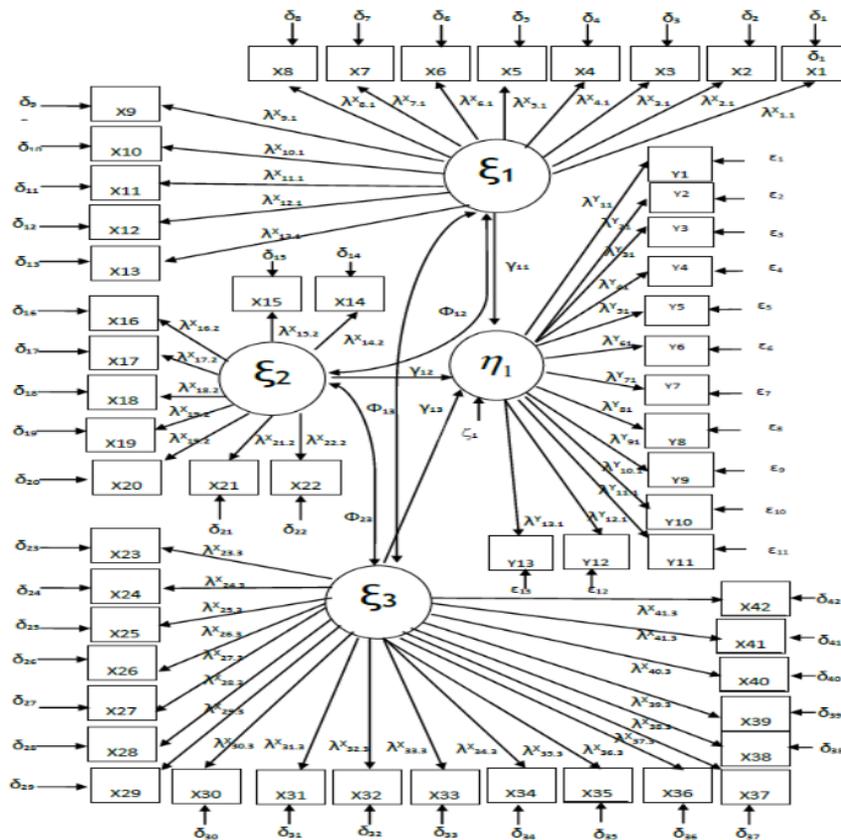


Figure 1. Hibryd Model Track Diagram with LISREL Notation

Model specifications are run by converting path charts into a series of structural model equations and measurement model equations. Structural equation models are:

$$\eta_1 = \gamma_{11}\zeta_1 + \gamma_{12}\zeta_2 + \gamma_{13}\zeta_3 + \zeta_1$$

While the measurement equation model in this study is divided into the measurement model for X and the measurement model for Y as follows:

(1) Measurement model for X (Exogenous latent variable):

$x_1 = \lambda_{x1.1}\zeta_1 + \delta_1$	$x_{15} = \lambda_{x15.2}\zeta_2 + \delta_{15}$	$x_{29} = \lambda_{x29.3}\zeta_3 + \delta_{29}$
$x_2 = \lambda_{x2.1}\zeta_1 + \delta_2$	$x_{16} = \lambda_{x16.2}\zeta_2 + \delta_{16}$	$x_{30} = \lambda_{x30.3}\zeta_3 + \delta_{30}$
$x_3 = \lambda_{x3.1}\zeta_1 + \delta_3$	$x_{17} = \lambda_{x17.2}\zeta_2 + \delta_{17}$	$x_{31} = \lambda_{x31.3}\zeta_3 + \delta_{31}$
$x_4 = \lambda_{x4.1}\zeta_1 + \delta_4$	$x_{18} = \lambda_{x18.2}\zeta_2 + \delta_{18}$	$x_{32} = \lambda_{x32.3}\zeta_3 + \delta_{32}$
$x_5 = \lambda_{x5.1}\zeta_1 + \delta_5$	$x_{19} = \lambda_{x19.2}\zeta_2 + \delta_{19}$	$x_{33} = \lambda_{x33.3}\zeta_3 + \delta_{33}$
$x_6 = \lambda_{x6.1}\zeta_1 + \delta_6$	$x_{20} = \lambda_{x20.2}\zeta_2 + \delta_{20}$	$x_{34} = \lambda_{x34.3}\zeta_3 + \delta_{34}$
$x_7 = \lambda_{x7.1}\zeta_1 + \delta_7$	$x_{21} = \lambda_{x21.2}\zeta_2 + \delta_{21}$	$x_{35} = \lambda_{x35.3}\zeta_3 + \delta_{35}$
$x_8 = \lambda_{x8.1}\zeta_1 + \delta_8$	$x_{22} = \lambda_{x22.2}\zeta_2 + \delta_{22}$	$x_{36} = \lambda_{x36.3}\zeta_3 + \delta_{36}$

$$x9 = \lambda x9.1\xi1 + \delta9$$

$$x10 = \lambda x10.1\xi1 + \delta10$$

$$x11 = \lambda x11.1\xi1 + \delta11$$

$$x12 = \lambda x12.1\xi1 + \delta12$$

$$x13 = \lambda x13.1\xi1 + \delta13$$

$$x14 = \lambda x14.2\xi2 + \delta14$$

$$x23 = \lambda x23.3\xi3 + \delta23$$

$$x24 = \lambda x24.3\xi3 + \delta24$$

$$x25 = \lambda x25.3\xi3 + \delta25$$

$$x26 = \lambda x26.3\xi3 + \delta26$$

$$x27 = \lambda x27.3\xi3 + \delta27$$

$$x28 = \lambda x28.3\xi3 + \delta28$$

$$x37 = \lambda x37.3\xi3 + \delta37$$

$$x38 = \lambda x38.3\xi3 + \delta38$$

$$x39 = \lambda x39.3\xi3 + \delta39$$

$$x40 = \lambda x40.3\xi3 + \delta40$$

$$x41 = \lambda x41.3\xi3 + \delta41$$

$$x42 = \lambda x42.3\xi3 + \delta42$$

(2) Measurement model for Y (Endogenous latent variable)

$$y1 = \lambda y1.1\eta1 + \varepsilon1$$

$$y2 = \lambda y2.1\eta1 + \varepsilon2$$

$$y3 = \lambda y3.1\eta1 + \varepsilon3$$

$$y4 = \lambda y4.1\eta1 + \varepsilon4$$

$$y5 = \lambda y5.1\eta1 + \varepsilon5$$

$$y6 = \lambda y6.1\eta1 + \varepsilon6$$

$$y7 = \lambda y7.1\eta1 + \varepsilon7$$

$$y8 = \lambda y8.1\eta1 + \varepsilon8$$

$$y9 = \lambda y9.1\eta1 + \varepsilon9$$

$$y10 = \lambda y10.1\eta1 + \varepsilon10$$

$$y11 = \lambda y11.1\eta1 + \varepsilon11$$

$$y12 = \lambda y12.1\eta1 + \varepsilon12$$

$$y13 = \lambda y13.1\eta1 + \varepsilon13$$

In Structural Equation Modeling, it is expected to obtain an over-identified model (positive degree of freedom) and avoid the existence of an under-identified model (negative degree of freedom). To identify the model, the researcher needs to know the amount of data known and the number of parameters estimated. For the amount of known data calculated through the formula: $(n(n + 1)) / 2$.

Based on the output of data analysis, it was found that the model in this study was over identified. With the total number of covariance data $(55(55 + 1) / 2 = 1540)$, while the estimated number of parameters is 113. From the results, the degree of freedom produced is 1427. So the degree of freedom is $1427 > 0$ so that the model is over identified, the proposed model meets the requirements for SEM analysis.

The research model that has fulfilled the specification stage and further identification of the model can be estimated by the model. In this study the data did not follow a multivariate normal distribution so that based on the assumptions of data abnormalities, the estimated model will be subjected to standard error correction and some goodness of fit indices due to abnormal data distribution. Based on this study, the estimation results can be shown in Figure 2 as below:

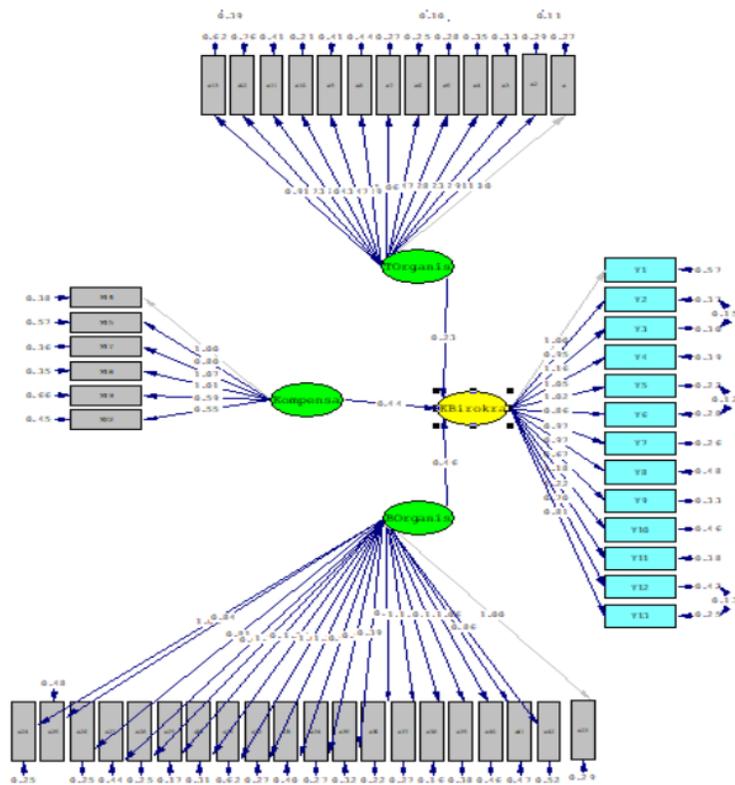


Figure 2. Model Estimation Diagram

The estimation stage produces a solution that contains the final value of the estimated parameters. In this stage, the level of compatibility is checked between the data and the model and make modifications or can be called model respecification. This stage is carried out by testing and respectively. The first stage is testing the measurement model until it reaches the feasibility test of a good model. The second stage, after getting a good measurement model, each variable is connected to be structurally tested. Respecification is the last stage in the data analysis procedure with Structural Equation Modeling. In this study, respecification was carried out through two stages, namely respecification of the measurement model and the specification of the structural model.

The next step is the compatibility test and the respecification of the measurement model to validate to find out whether the variable factors used for each latent are in accordance with what they want to measure. In the measurement model, the model compatibility test can be seen in the validity and reliability of the measurement model. First, test the validity of the measurement model, namely loading factors ≥ 0.50 .

Based on the calculation, it can be seen that all variables have a value of loading factor > 0.5 except X16, X20 and X21 which states that the variable used is invalid. Then from that

variable is issued and re-tested. After obtaining a valid measurement model, then the next step is to do a model match test.

The stage of the compatibility test and the specification of the measurement model includes examining the significance of the coefficients estimated with each coefficient representing the hypothesized causal relationship. At this stage a good model match has been obtained by eliminating indicators that have a loading factor of <0.5 , namely indicators X16, X20, and X21. So that the changes in the indicators of certain latent variables are changed as follows: Compensation indicator becomes: X14, X15, X17, X18, X19 and X22;

The results of the calculation of the overall suitability testing of the model using the software help obtained the following results:

Table 1. Goodness of Fit (GOF)

Goodness Of Fit	Cutt-Off Value	Hasil	Keterangan
Chi Square	1345,758	8436,03	Kurang Fit
CFI	$\geq 0,9$	0,9	Fit
NNFI	$\geq 0,9$	0,9	Fit
NFI	$\geq 0,9$	0,9	Fit
IFI	$\geq 0,9$	0,9	Fit
RMSR	$\leq 0,05$	0,072	Marginal Fit
RFI	$\geq 0,9$	0,9	Fit
RMSEA	$< 0,08$	0,12	Marginal Fit

In the table above there is a measure of GOF that shows a fairly good match that is 7 out of 8 GOF pieces are quite fit, so that it can be concluded that the compatibility of the whole model is good, therefore the model can be accepted because of the compatibility between the model and the data. Thus, the path coefficients of each relationship between variables used in the study are presented to test the hypothesis. After the suitability of the model and the overall data is good, then the next step is to test the suitability of the measurement model. This evaluation will be carried out between a latent variable and several indicators.

In the estimation results of the t-value there are variables that do not have trajectories, namely the relationship X1 to TOrganization, X14 to Compensation, X23 to COrganization and Y1 to PBureaucracy. This is because the variable has been determined to be a variance reference, which means that the manifest variable is significantly related to the latent variable.

A variable is said to have good validity for the construct or latent variable if the value of the t-factor (loading factors) is greater than the critical value (or ≥ 1.96 or practically ≥ 2) and the standardized loading factor ≥ 0.50 . And it is said to be reliable if $CR \geq 0.70$ and $VE \geq 0.50$. Table 4.5 shows the results of the evaluation of the validity and reliability of each latent variable or indicator.

Based on the results of the analysis of the suitability of the overall model there are reference indicators for each latent variable, namely X1, X14, X23 and Y1. Evaluation or analysis of the structural model includes examining the significance of the estimated coefficients. Based

on the output of data analysis obtained the results of structural equation analysis in Table 2 as follows:

Table 2. Structural Test

Variables	Coeffisient	Coeffisient	t-value	p-value	Conclusions	R
TOrganization -> PBureaucracy	Gamma 11	0,23	2,67	0,008584983	Significant	
Compensation -> PBureaucracy	Gamma 12	0,44	8,39	8,40131E-14	Significant	0,8
COrganization -> PBureaucracy	Gamma 13	0,46	5,56	1,5399E-07	Significant	

Based on the results of the study obtained structural equations:

$$Y = 0,23 \text{ Organizational Transformation} + 0,44 \text{ Compensation} + 0,46 \text{ Organizational Culture}$$

Based on Table 2 regarding structural equations, it can be seen the value of R² (coefficient of determination) of 0.8. The R² value serves to show how far each independent variable is able to explain the dependent variable. So it can be concluded that approximately 80% of the variation in bureaucratic performance variables can be influenced by organizational transformation, compensation and organizational culture.

On the basis of structural equations it can be explained that the organizational transformation variable with a parameter value (γ_{11}) is 0.23 with tvalue 2.67 indicating that the organizational transformation variable has a significant effect on bureaucratic performance. This means that if the organizational transformation variable is increased by 1, the level of bureaucratic performance is expected to increase by 0.23. The compensation variable with parameter (γ_{12}) is 0.44 and t-value 8.39 shows that the compensation variable has a significant effect on bureaucratic performance. This means that if the compensation variable is increased by 1, the level of bureaucratic performance is expected to increase by 0.44. The organizational culture variable with parameter (γ_{13}) is 0.46 and t-value 5.56 shows that organizational culture variables significantly influence bureaucratic performance. This means that if the organizational culture variable is increased by 1, the level of bureaucratic performance is expected to increase by 0.46. Besides that, the effect of each variable of the variable on endogenous variables can be calculated and can be seen in table 3 below.

Table 3. Large of Variable Effects

Variabel	Direct Effect	Indirect Effect	Total Influence
Torganization -> PBureaucracy	0,23	0	0,23
Compensation -> PBureaucracy	0,44	0	0,44
Borganization -> PBureaucracy	0,46	0	0,46

Based on the table above, it can be seen that all variables, namely variables, Organizational Transformation, Compensation, and Organizational Culture affect the bureaucratic performance variables with the total influence of exogenous variables = $0.23 + 0.44 + 0.46 = 1.13$. This states that the influence of all exogenous variables, namely the Organizational Transformation, Compensation and Organizational Culture variables if increasing by 1 unit will result in an increase in the value of bureaucratic performance by 1.13. It can be said that

there is an increase in the performance of the local government bureaucracy which is determined by the magnitude of the influence of organizational transformation, compensation and organizational culture.

One of the advantages of SEM analysis is the ability to analyze causal relationships between variables which contain latent variables, where the processing process can involve errors in the measurement of indicator variables and latent variables. The abnormal distribution of data was obtained in this study. If the data is normally distributed univariately, the data is not necessarily normally distributed in a multivariate manner so that based on the normality test the data obtained is not normally distributed. But this can be overcome by modification and adjustment of goodness of fit.

Model specifications are a combination of all SEM components depicted in a flow diagram (Path Diagram) to make it easier to see the causality relationships that want to be tested can be seen in Figure 4.5. In identifying the model obtained the degree of freedom is $1427 > 0$ so that the model is over-identified (degree of freedom is positive).

Based on the results of LISREL output, the structural model is not sufficiently feasible to be able to analyze relationships so that efforts are needed to improve the suitability of the model to the data by means of modification/respecification. In this study, the modification step is to utilize information on the modification indices contained in the LISREL printed output and remove measured variables (indicators) that do not meet the requirements, namely Standardized Loading Factors (SLF) < 0.5 , namely X1 so that the indicator is not included.

After the modified model obtained 52 indicators with 4 latent variables and each indicator has passed the validity test (SLF ≥ 0.5 and t-value ≥ 1.96) and all latent variables CR > 0.7 and VE ≥ 0.5 it can be said the respondent's answers to the questions used to measure each construct or indicator are consistent and reliable / reliable constructs.

Exogenous variables of organizational transformation contribute to the research conducted because it has a value of the influence of 0.23 where this value is significant because it has a p-value of 0.0085 which is smaller than 0.05. Then it can be concluded that the organizational transformation variables have an influence on the performance of the bureaucracy, this supports the theory previously stated. As stated by Jones (1995) that "organizational change is a restructuring of resources and the ability to improve organizational performance to create value and increase returns to stakeholders". Likewise, Popovich (1998) assumes that "Sometimes, organizations must change to higher quality and more appropriate services at equal or reduce costs. To reach high performance, all aspects of an organization that must eventually be open to change".

According to the acting Regional Secretary of Sumedang Regency, the low performance achievements as the results of the Government Performance Accountability Report assessment from the Ministry of State Apparatus Empowerment and Bureaucratic Reform in 2018 were one of the main reasons for the success of the leadership of the Regional Head of Sumedang District 3 (three) times in the period 3 (three) years. Substitution of the Regional Head also has an impact on changes in the targets for achieving the vision and mission of the

Regional Head contained in the Sumedang District Medium-Term Development Plan (RPJMD). Technically, this results in inconsistencies between the development targets and the implementation of the development work plan so that the achievement of targets is not achieved. The existence of organizational transformation proved to have an impact on the performance of the local government bureaucracy.

Furthermore, based on the output obtained by using the help of LISREL 8.80 software, information is obtained that exogenous compensation variables contribute to the performance of bureaucracy in the research conducted because it has a value of influence of 0.46 where this value is significant because it has a p-value of 1.5399E-07 greater than 0.05. Then it can be concluded that the compensation variable has a significant influence on the performance of the bureaucracy, and supports the theory put forward by Handoko (1994) that a way to improve organizational performance is through the provision of compensation or a reward system.

In relation to the relationship between compensation and bureaucratic performance, the authors' observation on the ground that in general the material compensation for employees in Sumedang Regency has not been fully adequate. Although the Sumedang Regency government office complex has been operated for the past 2 (two) years, most of the regional equipment still uses the old building. The financial compensation relates to the provision of salaries and benefits for employees, although in large part some employees recognize that the additional income support received by employees greatly helps their economy, but they state that the additional income given to employees on the one hand gives a sense of injustice to some employees.

Finally, based on the output obtained by using the help of LISREL 8.80 software, information is obtained that the compensation variable contributes to the research carried out because it has a value of influence of 0.44 where this value is significant because it has a p-value of 8.40131E-14 which is smaller than 0.05. Then it can be concluded that organizational culture variables have had a significant influence on bureaucratic performance, this supports the theory which among them is raised by Robbins (2001) that organizational culture influences the content of organizational competitive advantage, when objective factors are perceived by all employees so that it will shape the organizational culture, then it will have an impact on organizational performance.

The description of the implementation of organizational culture in the Sumedang district government obtained from the results of data collection shows that the implementation of Regent Regulation No. 113 of 2009 concerning Sumedang as Center of Sunda Culture (SPBS) is currently not optimal in accordance with the purpose of issuing the policy, namely to improve protection, development and utilization Sundanese culture in the administration of government, development and society. According to the Head of the Personnel and Human Resource Development Agency, this was due to a lack of awareness of the implementation of Regent Regulation Number 113 year 2009 due to the absence of a systematic and directed effort to communicate the implementation of these regulations in each regional apparatus, even though the success of implementing a policy was one of them determined by

communication factors (Edwards III, 1983). The low implementation of this organizational culture has been shown to influence the low performance of local government bureaucracies.

All exogenous variables namely organizational transformation variables, compensation, and organizational culture influence the bureaucratic performance variables with the dominance of Organizational transformation variables 0.23, compensation 0.44 and organizational culture 0.46. This states that the influence of all exogenous variables, namely organizational transformation, compensation, and organizational culture if increased by 1 unit will result in an increase in the bureaucratic performance value of 1.13 units. Then it can be said that there is an increase in the performance of regional government bureaucracies determined by the magnitude of the influence of organizational transformation, compensation and organizational culture. The three variables based on the results of the study show that there is a direct and indirect influence on the performance of the local government bureaucracy, as according to Norton and Kaplan (1996) which suggests that bureaucratic performance is determined by finance, customers, internal processes, and learning and growth.

4. Closing

Based on the results of the analysis and discussion in the previous chapter, some conclusions are obtained as follows:

1. Organizational transformation variables significantly influence the performance of the bureaucracy (t-value $2.67 > 1.96$) with a large value of the effect of the coefficient of 0.23, this proves that the higher the level of organizational transformation the better the performance of the bureaucracy carried out.
2. The compensation variable has a significant effect on the performance of the bureaucracy (t-value $8.39 > 1.96$) with a large value the effect of the coefficient of 0.44, this proves that the higher the level of organizational transformation the better the performance of the bureaucracy carried out.
3. Organizational culture variables significantly influence bureaucratic performance (t-value $5.56 > 1.96$) with a large value of the coefficient effect of 0.44, this proves that the higher the level of organizational culture the better the performance of the bureaucracy carried out.
4. Increasing the performance of regional government bureaucracies is determined by the magnitude of the influence of organizational transformation, compensation and organizational culture by 1.13 units if each exogenous variable organizational transformation, compensation and organizational culture is increased by 1 unit. In addition, the value of R^2 (coefficient of determination) that is produced is equal to 0.8. The R^2 value serves to show how far each independent variable is able to explain the dependent variable. So it can be concluded that approximately 80% of the variation in bureaucratic performance variables can be influenced by organizational transformation, compensation and organizational culture.

5. The results in this study indicate that the R2 value is 0.8, which states that there are still 0.2 or about 20% other variables that can explain endogenous variables other than the exogenous variables used, therefore for the next research can do research using variables more complex exogenous.

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