

**DETERMINANTS OF PERFORMANCE OF THE CENTRAL LEGAL
AND CREDIT ADMINISTRATION SYSTEM WITH ORGANIZATIONAL
CULTURE AS A MODERATING VARIABLE**

Andri Soemitra¹, Muhammad Arif², Edwin Arif³
andrisoemitra@uinsu.ac.id¹, muhammadarif@uinsu.ac.id²,
ariefewin@gmail.com³

Abstract

This study aims to analyze how the influence of effectiveness, reliability, competence on the performance of the Central Legal and Credit Administration (CLCA) which is moderated by organizational culture. The approach used is quantitative research. The sample in this study were employees who were directly related to the CLCA system with a total sample of 93 participants. The instrument used to obtain data is a questionnaire with a Likert scale. Data analysis and testing were carried out using moderated regression which was processed using SPSS software version 25. The test results proved that effectiveness and competence did not have a positive and significant effect on the performance of the CLCA system, while reliability and organizational culture had a positive and significant effect on the performance of the CLCA system. Effectiveness and competence on the performance of the CLCA system moderated by Organizational Culture had a positive and significant effect, while reliability on the performance of the CLCA system moderated by Organizational Culture had a negative and significant effect. The effectiveness, reliability, competence, and organizational culture simultaneously have a positive and significant effect on the performance of the CLCA system.

Kata Kunci : Effectiveness, Reliability, Competence, Performance, Organizational Culture

Introduction

Loan/financing is the lifeblood of a bank business, this is because loan/financing is a profit-generating product for banks in addition to other products originating from bank services (fee-based income). On the other hand, loan/financing can also be a cause of large losses for banks. Poor credit management will turn profit expectations into losses due to defaults.

Loan/financing can be analogous to a knife that has two sharp edges, one side can be an advantage and the other side can cause a loss for the bank. Thus, loan/financing must be managed properly by bank management. Healthy loan/financing comes from a good process and system of procedures. The credit realization process must be regulated in such a way that it is not too easy/short and not too tight/long.

Based on observations and interviews conducted by researchers, in practice, the management of the realization of loan/financing disbursement at the bank can be divided into 2 (two) systems, namely the Centralized system and the Decentralized system.

The centralized system is a system for realizing loan/financing disbursement with a credit data entry approval system in the core banking system centrally carried out by one particular field/department/division that handles it. The centralized system is a system that is commonly practiced in banking in Indonesia. This system is practiced by national scale banks. Meanwhile, the decentralized system is a system for realizing loan/financing disbursement which is carried out independently by each loan/financing office unit. In this system, approval of credit data entry in the core banking system is carried out by the Head of the Office Unit/Branch Manager and/or loan/financing supervision.

PT. Bank SUMUT is one of the banks that have implemented a decentralized system in the process of realizing loan/financing disbursement. The decentralization system in the realization of loan/financing disbursement was applied from the beginning of the bank's operations until March 2020, but since April 2020 the management of PT. Bank SUMUT made a policy to change the process of realizing the disbursement of loan/financing into a centralized system. This centralized system was created under the name Central Legal and Credit Administration (CLCA).

CLCA is formed in each region which is divided into regional clusters. To date, 15 (fifteen) Region clusters have been formed, each of which has a CLCA unit. The general description of the work in the stages of providing loan/financing carried out by the CLCA Cluster are the collateral appraisal (Appraisal), input/entry of loan/financing data into the bank's core

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banking system application (Processing), assessment of legal aspects (Legal) and storage of loan/financing documents and collateral (Custody).

One of the objectives of the establishment of CLCA is to improve the quality of providing loan/financing by providing an effective, efficient and prudent loan/financing process. Management of PT. Bank SUMUT expects that in the future the ratio of Non-Performing Loans (NPL) / Non-Performing Financing (NPF) will not increase from the previous year, especially in terms of the realization of new loan/financing disbursements (new customers). This increase in NPL/NPF must be anticipated so that banks are not included in the list of banks under intensive supervision. Banks that are included in intensive supervision will find it difficult to develop because their business activities and expansion are limited, then they will be asked to take supervisory actions (corrective actions), one of which is performance improvement.

From the description above, it can be concluded that the financial performance of PT. Bank SUMUT, especially in terms of loan/financing, is influenced by the performance of the credit realization management system, in this case, the role of the CLCA system in the future.

However, at a glance, the CLCA system has the potential to slow down the loan/financing disbursement process. This could be due to the longer stages of the loan/financing process compared to the previous system (decentralization) and as a new system that is currently still in piloting project status, it is certain that the CLCA system at PT. Bank SUMUT is not familiar with the work system that has been formed so far.

Based on initial observations made by researchers and the results of interviews with one of the branch employees who are in the Sharia Business Unit of PT. Bank SUMUT, several obstacles faced in the implementation of the CLCA system including the process of disbursement of financing became slower so that it seemed that the CLCA system was less effective, the boundaries between the duties and responsibilities of the operational unit (branch/ sub-branches office) and the duties and responsibilities of CLCA had not been regulated in detail. So it seems that this system is not reliable, the competence of human resources in the CLCA unit is inadequate, especially for appraisal officers and the process of taking collateral for financing that has been paid off is slow because previously the collateral was in the loan/financing office unit, with this system the collateral is located in CLCA office units, some of which are far from several branch/sub-branch operational units.

Several points of obstacles above are important to be researched. Ideally, the CLCA system should be effective, reliable, and competent so that it can improve the performance of the

CLCA system in ensuring that loan/financing disbursed by banks are of higher quality and grow rapidly.

Effectiveness is a measure of an organization's achieving better work processes in completing tasks, an activity that is measured by the size of the adjustment between the goals and expectations to be achieved in work with good results. (SYAM, 2020)

Reliability according to Zahruli (Najmi, 2017) is the ability to provide appropriate services accurately and reliably, sympathetically, and with high accuracy to patients.

Competence is a deep and inherent part of a person's personality and predictable behavior in various work situations and tasks. In general, many international management consulting firms define competence as "basic characteristics consisting of skills, knowledge and other personal attributes that are able to distinguish a person who only does and does not do it".

That is, the main core of the system or competency model is a determining tool to predict the success of a person's work in a certain position (Girsang, 2012). Human Resource

Competence is the ability of employees or a system to carry out their functions or authorities to achieve company goals effectively and efficiently. (Nabila Zubaidi, Dwi Cahyono, 2019).

Organizational culture is concerned with how employees perceive the characteristics of an organization's culture, not whether they like it or not. That is, culture is a descriptive term.

(Jufrizen & Rahmadhani, 2020). Webster's New Collegiate Dictionary defines culture as an integrated pattern of human behavior including thoughts, words, actions, and artifacts that depend on people's capacity to listen and transmit knowledge to future generations.

Organizational culture according to Cartwright is an organized collection of people who share the same goals, beliefs, and values and can be measured in terms of their influence on motivation. Vecchio defines organizational culture as the shared values and norms that exist in an organization and teach new workers in the future. (Bahri;32).

In this study, researchers will examine the influence of the variables of effectiveness, reliability, and competence on the performance of the CLCA system at PT. Bank SUMUT Sharia Business Unit with organizational culture as a moderating variable.

Methods

This study is a type of quantitative research with the type of field research (field research). In this study, the authors will distribute questionnaires to respondents to measure the influence of effectiveness, reliability, and competence on the performance of the CLCA system with organizational culture as a moderating variable.

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The study was conducted in all offices of PT. Bank SUMUT Sharia Business Unit, which consists of 6 (six) Sharia Branch Offices (SBO) and 16 (sixteen) Sharia Sub-Branch Offices (SSBO), and 7 (seven) CLCA Cluster Offices that have sharia management units and the Operational Division in charge of CLCA (CLCA Medan). The sample is 93 (ninety-three) employees.

Data analysis test in this study used SPSS Software Version 25. After the questionnaire was answered by all respondents, then a data analysis test was carried out starting with the research instrument test which included validity and reliability tests. The second stage is the classical assumption test which consists of normality, heteroscedasticity, multicollinearity, and linearity tests. The last step is to test the hypothesis by using the Moderated Regression Analysis (MRA) absolute difference test which consists of the coefficient of determination, T-test, and F-test.

The equation form of the absolute difference moderated regression in this study is:

$$Y = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 Z + \beta_5 |X_1 - Z| + \beta_6 |X_2 - Z| + \beta_7 |X_3 - Z| + \epsilon$$

Description:

α_0 : Constant

β_i : i-th Regression Coefficient

Y : CLCA System Performance

X1 : Effectiveness

X2 : Reliability

X3 : Competence

Z : Organizational Culture

$|X_1 - Z|$: The absolute value of the difference between the values of X1 and Z

$|X_2 - Z|$: The absolute value of the difference between the values of X2 and Z

$|X_3 - Z|$: The absolute value of the difference between the values of X3 and Z

ϵ : Error term

Results and Discussion

The results of data processing using SPSS 25 are shown in the following table:

Table 1

Moderated Regression Analysis Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	21,607	,571		37,838	,000
Zscore: Effectiveness	,556	,488	,121	1,140	,258
Zscore: Reliability	1,190	,418	,260	2,847	,006
Zscore: Competence	,903	,490	,197	1,844	,069
Zscore: Organizational Culture	1,519	,555	,331	2,738	,008
Moderation_X1	1,775	,696	,171	2,549	,013
Moderation_X2	-1,476	,562	-,171	-2,625	,010
Moderation_X3	-1,669	,629	-,182	-2,652	,010

a. Dependent Variable: CLCA System Performance
Based on table 1 above, the regression model equation is obtained:

$$Y = 21,607 + 0,556 X_1 + 1,190 X_2 + 0,903 X_3 + 1,519 Z + 1,775 |X_1 - Z| - 1,476 |X_2 - Z| - 1,669 |X_3 - Z|$$

The interpretation of the effect of changes in each variable determined by the beta value of the moderated regression equation above is a constant value with a positive sign of 21,607, indicating that all variables are effectiveness, reliability, competence, organizational culture, moderating organizational culture with effectiveness, moderating organizational culture with reliability and moderation organizational culture with competence, is zero, then the value obtained from the CLCA System Performance at PT. Bank SUMUT Sharia Business Unit (SBU) is 21,607. The value of the regression coefficient (β_1) is 0.556 in the positive direction; it shows that if the effectiveness variable increases by one unit, the performance of the CLCA system will increase by 0.556. The value of the regression coefficient (β_2) is 1.190 in the positive direction; it shows that if the reliability variable increases by one unit, then the performance of the CLCA system will increase by 1.190. The value of the regression coefficient (β_3) is 0.903 in the positive direction; this shows that if the competency variable increases by one unit, then the performance of the CLCA system will increase by 0.903. The value of the regression coefficient (β_4) is 1.519 in the positive direction; it shows that if the organizational culture variable increases by one unit, then the performance of the CLCA system will increase by 1.519. The value of the regression coefficient (β_5) is 1.775 in the positive direction; this shows that if the relationship between the effectiveness variable and

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organizational culture increases by one unit, then the performance of the CLCA system will increase by 1.775. The value of the regression coefficient (β_6) is -1.476 in the negative direction; this shows that if the relationship between the reliability variable and organizational culture increases by one unit, then the performance of the CLCA system decreases by -1.476. The value of the regression coefficient (β_7) is -1.669 in the negative direction; this shows that if the relationship between the competence variable and organizational culture increases by one unit, then the performance of the CLCA system decreases by -1.669.

The Influence of Effectiveness on CLCA System Performance

Based on the results of the t-test calculation between effectiveness (X1) on the performance of the CLCA system, obtained a significance level of $0.258 > 0.05$ and t-count $1.140 < t$ -table 1.98698, it shows that effectiveness does not have a positive and significant effect on the performance of the CLCA system.

The results of this study indicate that partial effectiveness does not have a positive and significant effect on the performance of the CLCA system, but simultaneously, together with reliability and competence can have a positive and significant effect on the performance of the CLCA system.

Based on the theory of organizational effectiveness, it is stated that group effectiveness depends on individual effectiveness, while organizational effectiveness depends on individual and group effectiveness. The exact relationship between the three perspectives varies depending on factors such as the type of organization, the work being performed, and the technology used to perform the work.

The results of this study are not in line with the results of research conducted by Shofiana Sham (2020) which shows that effectiveness has a positive and significant influence on the performance of East Bagage District employees.

The Influence of Reliability on CLCA System Performance

Based on the results of the t-test calculation between reliability (X2) on the performance of the CLCA system, obtained a significance level of $0.006 < 0.05$ and t-count $2.847 > t$ -table 1.98698, it shows that reliability has a positive and significant effect on the performance of the CLCA system.

Reliability is the company's ability to provide services as promised accurately and reliably. Performance must be in accordance with customer expectations which mean timeliness, the same service for all customers without errors, a sympathetic attitude, and high accuracy. So performance is affected by reliability.

The results of this study support the above theory, which shows that reliability partially has a positive and significant effect on the performance of the CLCA system, so that if the reliability is increased it will be able to improve the performance of the CLCA system.

The results of this study are in line with the results of research conducted by Novi Yanti Insani, Fefri Indra Arza, Alfatorry Rheza Syahrul which showed the reliability of accounting information was significant and positive on the performance of cooperatives in the city of Padang.

The Influence of Competence on CLCA System Performance

Based on the results of the calculation of the t-test between competence (X3) on the performance of the CLCA system, obtained a significance level of $0.069 > 0.05$ and t-count $1.844 < t\text{-table } 1.98698$, it shows that competence does not have a positive and significant effect on the performance of the CLCA system.

The results of this study indicate that competence partially does not have a positive and significant effect on the performance of the CLCA system, but simultaneously, together with reliability and competence can have a positive and significant effect on the performance of the CLCA system.

Although the results of descriptive statistics show that the average respondent's answer in competence is 3.71, which is classified as good, competence is partially unable to improve the performance of the CLCA system.

The results of this study are not in line with the research results of Dedy Suryanto, Bambang Subroto, and Wuryan Andayani which show that organizational performance is influenced by employee competence and employee job satisfaction.

The Influence of Organizational Culture on CLCA System Performance

Based on the results of the t-test calculation between Organizational Culture (Z) on the performance of the CLCA system, obtained a significance level of $0.008 < 0.05$ and a t-count value of $2.738 > t\text{ table } 1.98698$, it shows that organizational culture has a positive and significant effect on system performance CLCA.

The results of this study indicate that organizational culture partially has a positive and significant influence on the performance of the CLCA system. This means that if the organizational culture increases it will increase the performance of the CLCA system.

This is in line with the research results of Silvia, I Wayan Bagia, and Wayan Cipta which show that there is a significant effect between culture works on the performance of Adirama hotel employees.

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The Influence of Organizational Culture Moderates the Relationship between Effectiveness Variables on CLCA System Performance

Based on the results of the t-test calculation between the moderating variable of organizational culture and effectiveness (moderation_x1) on the performance of the CLCA system, obtained a significance level of $0.013 < 0.05$ and a t-value of $2.549 > t\text{-table } 1.98698$, it shows that the moderating variable of organizational culture with effectiveness (moderation_x1) has a positive and significant effect on the performance of the CLCA system.

In the previous t-test results, namely the effect of effectiveness on the performance of the CLCA system, the results were not positive and significant, but after including the moderating variable of organizational culture, the t-test showed a positive and significant effect. This proves that organizational culture can strengthen the effect of the effectiveness variable on the performance of the CLCA system. This means that effectiveness without organizational culture will not be able to improve the performance of the CLCA system.

The Influence of Organizational Culture Moderates the Relationship between Reliability Variables on CLCA System Performance

Based on the results of the t-test calculation between the moderating variable of organizational culture with reliability (moderation_x2) on the performance of the CLCA system, obtained a significance of $0.010 < 0.05$, this indicates that the moderating variable of organizational culture with reliability (moderation_x2) has a positive and significant effect on the performance of the CLCA system.

The results of the previous t-test, namely the effect of reliability on the performance of the CLCA system also showed positive and significant results. This proves that the influence of the reliability variable on the performance of the CLCA system is very strong so that if reliability is increased and accompanied by an increase in organizational culture, it will further improve the performance of the CLCA system.

The Influence of Organizational Culture Moderates the Relationship between Competency Variables on CLCA System Performance

Based on the results of the t-test calculation between the moderating variable of organizational culture and competence (moderation_x3) on the performance of the CLCA system, obtained a significance of $0.010 < 0.05$, this indicates that the moderating variable of

organizational culture with competence (moderation_x3) has a positive and significant effect on the performance of the CLCA system.

The results of the previous t-test, namely the influence of competence on the performance of the CLCA system, were not positive and significant, but after including the moderating variable of organizational culture as a moderating variable, the t-test showed a positive and significant effect. This proves that organizational culture can strengthen the influence of the competency variable on the performance of the CLCA system. This means that competence without organizational culture will not be able to improve the performance of the CLCA system.

The Influence of Effectiveness, Reliability, Competence and Organizational Culture Simultaneously on the Performance of The CLCA System

Based on the hypothesis test with the F-test, it is known that the F-count value is $24,844 > F\text{-table } 2.706$ and the significance level is $0.000 < 0.05$. This means that together the variables of effectiveness, reliability, competence, and organizational culture have a positive and significant effect on the performance of the CLCA system at PT. Bank SUMUT Sharia Business Unit (SBU).

If we look at the results of the t-test which was carried out partially on the effect of these three variables on the performance of the CLCA system, it resulted that the effectiveness and competence partially did not have a positive and significant effect on the performance of the CLCA system, only the reliability variable had a positive and significant effect on the performance of the system CLCA.

The results of the F-test simultaneously show that the effectiveness, reliability, competence, and organizational culture simultaneously have a positive and significant effect on the performance of the CLCA system. This means that if effectiveness, reliability, and competence are carried out together, they will be able to improve the performance of the CLCA system.

Conclusion

Based on the results of the research that has been carried out, the following conclusions are obtained: (1) Effectiveness has no positive and significant effect on the performance of the CLCA system at PT. Bank SUMUT Sharia Business Unit; (2) Reliability has a positive and significant effect on the performance of the CLCA system at PT. Bank SUMUT Sharia Business Unit; (3) Competence does not have a positive and significant effect on the

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performance of the CLCA system at PT. Bank SUMUT Sharia Business Unit; (4) Organizational culture has a positive and significant effect on the performance of the CLCA system at PT. Bank SUMUT Sharia Business Unit; (5) Organizational culture moderates the relationship between effectiveness variables on the performance of the CLCA system at PT. Bank SUMUT Sharia Business Unit positively and significantly; (6) Organizational culture moderates the relationship between reliability variables on the performance of the CLCA system at PT. Bank SUMUT Sharia Business Unit negatively and significantly; (7) Organizational culture moderates the relationship between competency variables and the performance of the CLCA system at PT. Bank SUMUT Sharia Business Unit negatively and significantly; (8) The effectiveness, reliability, competence and organizational culture simultaneously have a positive and significant effect on the performance of the CLCA system at PT. Bank SUMUT Sharia Business Unit. Suggestions for this research include: (1) as a new system, the CLCA system is expected to be able to provide good performance for PT. Bank SUMUT. Researchers suggest that CLCA can improve the effectiveness, reliability, competence, and organizational culture together to improve the performance of the CLCA system at PT. Bank SUMUT Sharia Business Unit; (2) This research is limited to the effect of the effectiveness, reliability, and competence variables on the performance of the CLCA system with organizational culture as a moderating variable at PT. Bank SUMUT Sharia Business Unit, further researchers are expected to examine other variables that also affect the performance of the CLCA system at PT. Bank SUMUT as a whole, both conventional and sharia so that the results of this research can encourage improvements to the performance of the CLCA system.

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