EXAMINING THE INFLUENCE OF ORGANIZATIONAL CULTURE AND ASSET MANAGEMENT ON THE VALUATION OF THE DIVING INDUSTRY IN INDONESIA

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ABSTRACT

Background: In Indonesia, the diving industry has experienced a surge in PADI certifications due to the multitude of diving locations. However, the sector grapples with instability. Existing research has underscored the significance of organizational culture and company assets in business valuation, revealing specific issues in these domains. This study endeavors to assess their impact on the valuation of the diving industry in Indonesia.

Objective: Our primary objective is to investigate how organizational culture and company assets influence the valuation of diving businesses in Indonesia. We aim to provide actionable insights to industry management, presenting a model for enhancing valuations through the development of corporate assets and organizational culture.

Method: We adopted a quantitative research approach, focusing on dive operators as our unit of analysis and the management of these operators as our observation unit. Our sample consisted of 50 respondents, and we collected primary data through questionnaires. This research employed a cross-sectional design and used causality research techniques, employing the Partial Least Square (PLS) method.

Our Findings: Our research substantiates the influence of both organizational culture and company assets on the valuation of Indonesia’s diving industry. Notably, the impact of company assets surpasses that of organizational culture in elevating business valuations. This discovery offers a promising alternative for industry management, emphasizing the development of tangible assets and organizational stability and control for success in this dynamic sector.

Conclusion: Our study underscores the importance of prioritizing the development of tangible company assets in the diving industry in Indonesia. Additionally, it highlights the need for management to focus on enhancing organizational stability and control within the organization as a strategy for improving business valuations.

Keywords: organizational culture, company assets, business valuations, SCUBA diving, diving industry.

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EXAMINANDO A INFLUÊNCIA DA CULTURA ORGANIZACIONAL E GESTÃO DE ATIVOS NA AVALIAÇÃO DA INDÚSTRIA DE MERGULHO NA INDONÉSIA

RESUMO

Plano de fundo: Na Indonésia, a indústria de mergulho experimentou um aumento nas certificações PADI devido à multiplicidade de locais de mergulho. Mas o setor enfrenta instabilidade. Os estudos existentes sublinharam a importância da cultura organizacional e dos ativos das empresas na avaliação dos negócios, revelando questões específicas nestes domínios. Este estudo procura avaliar o seu impacto na avaliação da indústria do mergulho na Indonésia.

Objetivo: Nosso principal objetivo é investigar como a cultura organizacional e os ativos da empresa influenciam a avaliação das empresas de mergulho na Indonésia. Nosso objetivo é fornecer insights acionáveis para a gestão do setor, apresentando um modelo para aprimorar as avaliações através do desenvolvimento de ativos corporativos e cultura organizacional.

Método: Adotamos uma abordagem de pesquisa quantitativa, com foco nos operadores de mergulho como nossa unidade de análise e na gestão desses operadores como nossa unidade de observação. Nossa amostra consistiu em 50 entrevistados e coletamos dados primários por meio de questionários. Esta pesquisa empregou um design transversal e usou técnicas de pesquisa de causalidade, empregando o método de Least Square Parcial (PLS).

Nossas descobertas: Nossa pesquisa fundamenta a influência da cultura organizacional e dos ativos da empresa na avaliação da indústria de mergulho da Indonésia. Notavelmente, o impacto dos ativos da empresa supera o da cultura organizacional na elevação da valorização dos negócios. Esta descoberta oferece uma alternativa promissora para o gerenciamento da indústria, enfatizando o desenvolvimento de ativos tangíveis e estabilidade organizacional e controle para o sucesso neste setor dinâmico.

Conclusão: Nosso estudo ressalta a importância de priorizar o desenvolvimento de ativos tangíveis da empresa na indústria de mergulho na Indonésia. Além disso, destaca a necessidade de a gerência se concentrar no aprimoramento da estabilidade e do controle organizacional dentro da organização como uma estratégia para melhorar as avaliações de negócios.

Palavras-chave: cultura organizacional, ativos da empresa, avaliações de negócios, mergulho em SCUBA, indústria de mergulho.

1 INTRODUCTION

Diving tourism is one of the marine tourism which in the last four years has increased from the original 25 destinations in 2014 to 35 destinations in 2017 and is projected to increase to 45 destinations in 2019. Within one year there are an estimated 5,000 yachts entering Indonesia with needs to carry out marine tourism activities, from the Pacific Ocean and the Atlantic Ocean (Ministry of Tourism of The Republic of Indonesia. LAKIP 2016).
Marine tourism is the cornerstone of tourism development in Indonesia. The Ministry of Tourism set a foreign exchange target of 4 billion US dollars in 2019. As much as 60% of marine tourism is coastal tourism, 25% is sea tourism such as cruises, yachts, and 15% underwater tours namely snorkeling and diving.

Recreational scuba diving, as noted by Haddock & Hampton (2010), is experiencing significant growth globally, with a 14% annual increase in the certification of new PADI divers (Professional Association of Diving Instructors). It is an essential component of marine-based tourism (Dimmock, 2007; Garrod, 2008; Higham & Luck, 2007) and provides individuals with the opportunity to explore the underwater world. In addition to its recreational use, a fraction of the scuba diving certifications is employed for scientific purposes, including fisheries research, to test empirical assumptions and hypotheses. The growth of recreational scuba diving is noted by Haddock & Hampton (2010), with a global increase of 14% annually in the certification of new PADI divers (Professional Association of Diving Instructors). As previously mentioned, scuba diving is an essential tool for researchers to conduct various underwater projects, such as fish surveys and habitat evaluation. Scientific divers require additional training beyond the basic scuba course to become proficient and safe in conducting underwater research, including assessing the impact of invasive species and identifying new species. Therefore, scuba diving serves not only as a recreational activity but also as a critical tool for marine-based research and management. Despite the need for additional training for scientific diving, the growth in recreational scuba diving highlights its increasing popularity and importance in the tourism industry.

One focus of the diving tourism business is experience. Experience is a benefit gained in every tourism industry. The process of tourists to be able to carry out diving activities, which must go through education first, know basic techniques, operate equipment, to make diving trips in a destination, provide opportunities for diving business players to be able to explore tourist experiences. Diving tourism businesses are required to not only provide excellent experience in providing core services: diving and marine life, but also supporting additional products such as transportation, accommodation, and friendship experiences (Dimmock, 2013).

Attractive and memorable attributes contribute to the achievement of diving tourism businesses. Darren Dahl (2016) explains that the key to getting a good valuation is to approach like a potential buyer doing due diligence. Assessing business valuations
depends on the complexity of the business and how to organize business owners. The first step is collecting data including financial statements (independently audited), tax records, incorporation articles, industry information and minutes of meetings of the Board of Directors / Commissioners. Industry also plays a key role in determining business value, especially if the industry is in the midst of substantial consolidation, undergoing new regulations or facing other disruptions that can affect company value. Furthermore, Damodaran (2016) describes Relative valuation as a valuation measurement where asset value is compared with market-valued values for similar or comparable assets.

In this case the data regarding the diving tourism business valuation is analogous to the dive operator's business performance which can be seen in Tables 1 and 2 below:

Table 1 Target and Achievement of Diving Sales Operators in Indonesia (2013-2017)

<table>
<thead>
<tr>
<th>Year started</th>
<th>Capital (Million Rupiah)</th>
<th>Target and Realization (Million Rupiah)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>&gt; 2,500</td>
<td>2,000</td>
</tr>
<tr>
<td>1993</td>
<td>300-400</td>
<td>1,000</td>
</tr>
<tr>
<td>1995</td>
<td>1 - 2,500</td>
<td>600</td>
</tr>
<tr>
<td>1999</td>
<td>&lt; 50</td>
<td>100</td>
</tr>
<tr>
<td>2000</td>
<td>&gt; 2,500</td>
<td>100</td>
</tr>
<tr>
<td>2004</td>
<td>50-100</td>
<td>60</td>
</tr>
<tr>
<td>2004</td>
<td>200-300</td>
<td>100</td>
</tr>
<tr>
<td>2008</td>
<td>400-500</td>
<td>150</td>
</tr>
<tr>
<td>2010</td>
<td>&gt; 2,500</td>
<td>150</td>
</tr>
<tr>
<td>2013</td>
<td>400-500</td>
<td>150</td>
</tr>
</tbody>
</table>

Source: Indonesian Diving Tourism Business Association 2018

Table 1 shows the actual sales targets and achievements of several dive tourism operators in the period 2013-2017 which showed fluctuations. The following is an overview of the dive operators' business performance in the last five years.
Table 2 Conditions of Diving Operator Business Performance in Indonesia (2013-2017)

<table>
<thead>
<tr>
<th>Business Performance</th>
<th>Year</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>The growth rate of the number of customers</td>
<td>2013: 0.67</td>
<td>2014: 0.30</td>
</tr>
<tr>
<td>The level of realization of the diving package sales target</td>
<td>2013: 0.5</td>
<td>2014: 0.1</td>
</tr>
<tr>
<td>Target profit growth</td>
<td>2013: 0.45</td>
<td>2014: 0.30</td>
</tr>
</tbody>
</table>

Source: Indonesia Recreational Dive Business Association 2018

Table 2 shows the growth rate of the number of customers, the realization of the diving package sales target, and the growth of profit target achievements for the past five years as an overview of the diving tourism business valuation. The growth in the number of customers has increased even though it declined in 2014, almost half compared to 2013. The realization of the diving package sales target and the achievement of profit targets from 2013 to 2017 show fluctuations.

These conditions indicate the unstable valuation of the diving tourism industry in Indonesia. On the other hand, there are more certifications issued by PADI in Indonesia compared to other countries, because relatively there are more diving spots in Indonesia than in other countries. Therefore, it is interesting to study it into a study of the valuation of the diving tourism industry in Indonesia.

Based on a review of literatures sourced from previous study, we found aspects that can affect business valuation. Waheed Ali Umrani et al. (2017) found that organizational culture has a significant relationship with business performance. So based on the research it can be said that organizational culture influences business valuations. On the other hand, Attwater, Wang, Parlakad, & Russell (2014) show the relationship between organizational management, asset management performance and asset performance. In addition, Al-bahuussin & El-gariahy (2013) found that human resource management increases the knowledge base of each individual human resource. Supported by knowledge management and innovation, the company's performance can increase. So that based on the research it can be said that the company's assets affect business valuations.

Dive businesses, despite their potential, often operate without embracing the principles of social entrepreneurship. This oversight is significant, considering the substantial positive impact they could exert on society and the environment. Social entrepreneurship, as exemplified by the work of Singh et al. (2023), plays an
indispensable role in addressing contemporary challenges, such as poverty, inequality, climate change, and environmental degradation. By harmonizing financial sustainability with social impact, these ventures have the capacity to not only attract investors but also foster transformative changes in both societal and environmental realms. This approach fosters the cultivation of self-sustaining enterprises, contributing to enduring improvements across multiple dimensions, including economic development, enhanced accessibility to goods and services, and the establishment of sustainable communities.

Dive businesses in a communities can infuse social entrepreneurship into their core strategies, so they can harness these inherent strengths to drive the positive changes needed in society and the environment, further amplifying their potential for lasting impact. Organizations are collections of unique resources and capabilities that form the basis for the formulation of company strategies and their ability to obtain above-average results (Hitt, Ireland, Hoskisson, 2015). The importance of corporate assets is also conveyed by Pearce and Robinson (2015) that tangible assets, intangible assets and organizational capabilities that can utilize these assets form unique resources for companies that are fundamentally different from other companies. Meanwhile, based on the results of an empirical study, an overview of the phenomenon of the ownership of company assets owned by dive operators was obtained, with indications:

- The number of the highest-level professionals (course directors) who train professional instructors to develop recreational dive training is increasing in Indonesia but relatively not yet fully adequate.
- Some dive operators have not paid much attention to the resources they have such as the quality of equipment, facilities and human resource competencies.
- The use of destinations for diving tourism promotion activities is not accompanied by education and environmental conservation programs for the community and visitors, so that destinations tend to be exploited with mass tourism which has the potential to damage the sustainability of natural resources.

On the other hand, the diving tourism industry in Indonesia has not been fully able to develop organizational culture. Schein (2010) defines organizational culture as a pattern of basic assumptions that are shared by a group of people when they learn to solve problems of external adaptation and internal integration, which work quite effectively so
that they are considered valid and are therefore taught to all members new as the correct way of looking, thinking, and feeling about these problems.

To measure organizational culture there is a measurement tool used to assess and map organizational culture, namely OCAI. OCAI is short for Organizational Culture Assessment Instrument which is an instrument for measuring organizational culture based on the "Competing Values Framework". This instrument is the development of theories to understand the culture and phenomena of organizations. This instrument was developed and introduced by American researchers Cameron and Quinn (Nummelin, 2006). Cultural measurement by OCAI includes two main dimensions, namely: dimensions that distinguish effectiveness criteria with a focus on flexibility, flexibility, and dynamic, with effectiveness criteria that emphasize stability and control, and dimensional axes in the form of flexibility and discretion which are sometimes called people, stability and control called process. This dimension distinguishes effectiveness by focusing on internal orientation, integration, and unity with the effectiveness criteria at an external orientation of differentiation and competition.

Meanwhile, based on the results of the observations obtained a description of the not yet optimal development of corporate culture, with indications, namely:

- Some companies in the diving tourism industry tend not to be able to focus on efforts to develop internal orientation and internal integration in the face of business competition. Companies have not been able to focus on interacting and competing with outsiders from organizational boundaries.
- Tend to not be able to maintain stability and endurance of the organization in the face of industrial competition and internal turmoil.

Based on this background, this study aims to examine whether there is an influence from the organizational culture and company assets on the valuation of the diving industry business in Indonesia.

2 THEORETICAL FRAMEWORK
2.1 ORGANIZATIONAL CULTURE

Schein (2010) defines organizational culture as a pattern of basic assumptions that are shared by a group of people when they learn to solve problems of external adaptation and internal integration, which work quite effectively so that they are considered valid
and are therefore taught to all new members as the correct way of looking, thinking, and feeling about these problems.

According to Schein (2010), culture consists of artifacts, espoused values, and basic underlying assumptions. The term artifacts refer to physical dimensions that look like organizational structures, work processes, relationships, and buildings, workspaces, and other things that are considered important. "Spoused values" point to handle values that are explicitly stated, such as strategies, goals, philosophy, and foundation of organizational policy. Basic underlying assumptions are various beliefs, perceptions, thoughts, and feelings, which are not recognized and accepted as truth and eventually become the final source of values and actions that need not be questioned. While the scope of organizational culture according to Gibson et al. (2005), including: symbols, language, ideology, rituals and myths; organizational rules derived from the personal rules of the founder of the organization or dominant leader; and past results based on symbols, summaries of behavior, and product behavior.

Williams et al. (2007) stated that organizational culture is a pattern of basic assumptions and beliefs shared by members of the organization and is a consistent solution that can work well for a group in dealing with external and internal problems, so that it can be taught to new members as a perception, thinking and feeling in relation to these problems.

According to Chang and Lee (2007), organizational culture is the ability to integrate the daily activities of employees to achieve planned goals, can also help organizations adapt to the external environment for quick and specific responses. Meanwhile, Schermerhorn et al. (2011) states that organizational culture or corporate culture is a system of shared value actions, and beliefs that develop in an organization and guide the behavior of its members.

To measure organizational culture there is a measurement tool used to assess and map organizational culture, namely OCAI. OCAI is short for Organizational Culture Assessment Instrument which is an instrument for measuring organizational culture based on the "Competing Values Framework". This instrument is the development of theories to understand the culture and phenomena of organizations. This instrument was developed and introduced by American researchers Cameron and Quinn (Nummelin, 2006). OCAI has been widely used by companies to show the dominant culture in an organization and is suitable for international surveys conducted by many researchers in
the world (Nummelin, 2006; Liu et al., 2006; Berio, 2003). Some companies have used "Competing Values Framework" such as 3M, American Express, Apple, GE Lighting, Pfizer, and Reuters (Cameron et al., 2006).

Cultural measurement by the OCAI includes two main dimensions, namely:

1. Dimensions that distinguish effectiveness criteria with a focus on flexibility, freedom and dynamic, with effectiveness criteria that emphasize stability and control. Organizations are considered effective if the organization is stable. On the other hand, the stability and durability of the organization also need to be controlled.

2. The dimensional axis in the form of flexibility and discretion which is sometimes called people, stability and control is called a process. This dimension distinguishes effectiveness by focusing on internal orientation, integration, and unity with the effectiveness criteria at an external orientation of differentiation and competition. Organizations are called effective if they focus on interacting and competing with outsiders from organizational boundaries. The dimensional axis in the form of external focus and differentiation is sometimes called strategy, and internal and integration are called operational.

Based on the comparative concept of organizational culture above, and by considering the unit of analysis of the diving tourism industry in Indonesia, then in this study, organizational culture is measured using dimensions that refer to Cameron and Quinn (2006) Flexibility and Discretion and Stability and Control.

2.2 COMPANY ASSETS

Resources consist of tangible resources and intangible resources. Tangible resources can be observed and calculated such as: production equipment, manufacturing facilities, distribution centers and formal reporting structures. Whereas intangible resources blend into the company which is formed from accumulated experiences over a long period of time so that it is relatively difficult to analyze or imitate competitors (Hitt, Ireland, Hoskisson, 2015). In line with the opinion of Pearce and Robinson (2015), tangible assets are the most easily identified assets and are often found in company balance sheets, in the form of production facilities, raw materials, financial resources, real estate and computer devices. Intangible assets are assets that cannot be touched and cannot be seen but are very important for the company in its efforts to achieve competitive
advantage. Intangible assets such as brand name, company reputation, organizational morals, technical knowledge, patents and trademarks and accumulated organizational experience.

In line with the above opinion, Hubbard & Beamish (2011) revealed that company resources consist of tangible assets and intangible assets. Tangible assets are easily identified, such as land, buildings, factories and financial equipment and assets such as cash and the ability to borrow. While intangible assets are difficult to identify, especially those relating to values, for example brands, organizational reputation, organizational knowledge and experience, individual skills and intellectual capital. Similar opinion was conveyed by Thompson et al. (2014) that company resources are competitive inputs or assets for companies that cover two categories, namely tangible assets and intangible assets.

Taking into account the research analysis unit, based on the comparability of the dimensions of the company's assets, then in this study company assets are measured using dimensions consisting of tangible assets and intangible assets.

2.3 BUSINESS VALUATION


Darren Dahl (2016) explains that the key to getting a good valuation is to approach like a potential buyer doing due diligence. Assessing business valuations depends on the complexity of the business and how to organize business owners. The first step is collecting data including financial statements (independently audited), tax records, incorporation articles, industry information and minutes of meetings of the Board of Directors / Commissioners. Industry also plays a key role in determining business value, especially if the industry is in the midst of substantial consolidation, undergoing new regulations or facing other disruptions that can affect company value.

Damodaran (2016) explains about "relative valuation", which is the value of assets compared to values that are valued by the market for similar or comparable assets. To do relative valuation, it is necessary to do the following activities: identify comparable assets and get market value for those assets, change market values to standard values and
compare standard values or some values for assets analyzed to standard values for comparable assets.

Activities change market values to standard values because absolute prices cannot be compared so that the standardization process creates a multiple of prices. Activities comparing standard values or multiple values for assets that are analyzed to standard values for comparable assets are carried out to control differences created between companies that might affect multiples, to assess whether the asset is below or above. Price standardization activities can be carried out using common variables such as earnings, book value, or revenue, as explained below:

1. Earnings Multiples, includes:
   a. Price/Earnings Ratio (PE) and variants (PEG and Relative PE)
   b. Value/EBIT
   c. Value/EBITDA
   d. Value/Cash Flow

2. Book Value Multiples, includes:
   a. Price/Book Value (of Equity) (PBV)
   b. Value/ Book Value of Assets
   c. Value/Replacement Cost (Tobin’s Q)

3. Revenues, includes:
   a. Price/Sales per Share (PS)
   b. Value/Sales
   c. Industry Specific Variable (Price/kwh, Price per ton of steel)

Based on the comparison of the dimensions of business valuation above, the dimensions of Enterprise Value, Free Cash Flow, and Future Value are used in this study.

2.4 DEVELOPMENT OF HYPOTHESES

Previous research shows the role of organizational culture and company assets on business valuations. Waheed Ali Umran et al. (2017) found that organizational culture has a significant relationship with business performance. Furthermore an environmentally responsible organizational behavior can be a driving force behind improved share performance Soschinski & Manoel, (2022). So based on the research it can be said that organizational culture influences business valuations. On the other hand, Attwater, Wang, Parlikad, & Russell (2014) show the relationship between organizational management,
asset management performance and asset performance. In addition, Al-bahussin & El-garaihy (2013) found that human resource management increases the knowledge base of each individual human resource. Supported by knowledge management and innovation, the company's performance can increase. So that based on the research it can be said that the company's assets affect business valuations.

Based on the description, the hypothesis is arranged as follows:

H: The organizational culture and assets of the company influence the valuation of the diving industry business in Indonesia.

3 METHODOLOGY

This study uses quantitative methods. The unit of analysis is a dive operator in Indonesia. The observation unit in this study is the management of dive operators in Indonesia who can be represented by middle-level managers or management. According to the Indonesian Recreational Dive Business Association (PUWSI), in 2017 there were 284 dive operators. In this study a sample of 50 respondents was used.

Primary data is obtained from the results of direct research in the field, namely data from questionnaires distributed to dive operator operators in Indonesia where the variables asked include organizational culture, company assets, and business valuations. The source of the questionnaire compilation refers to the theory of category rating scale from Dunn and Rankin (1983, p.87) with the highest positive scale answer mapping (5) and the lowest negative scale (1) as revealed in the questionnaire attachment.

Because the data and information to be collected are derived directly from the empirical observations at a specific point in time, which is in the year 2018, the observation method employed in this research follows a cross-sectional or one-shot time horizon approach, as described by Sekaran (2010) and Malhotra (2010). Causality research is used to obtain evidence of a causal relationship between variables (Malhotra, 2010. p.113). This analysis is to answer the research objectives, using Partial Least Square (PLS).

4 DISCUSSION

a. Evaluation of Measurement Model (Outer Model)

Evaluation of the PLS measurement model was carried out using the SmartPLS program. Outer Model Analysis explains the relationship between latent variables and
indicators or defines how each indicator relates to its latent variables. Tests carried out on external models include:

- Convergent validity. The value of convergent validity is the value of loading factors on latent variables with the indicator. Expected value > 0.7.
- Composite Reliability. Data that has Composite Reliability > 0.7 has high reliability.
- Average Variance Extracted (AVE). Expected AVE value > 0.5.

**Table 3 Evaluation of Measurement Model (Outer Model)**

| Dimensi-Indicator | Loading Factor (l) | Standard Error (l) | t Statistics (|l/SE(l)|) | AVE | Composite Reliability |
|-------------------|--------------------|--------------------|-----------------------------|-----|-----------------------|
| **Business Valuation -> Enterprise Value** | 0.954 | 0.012 | 82.097 | 0.837 | 0.953 |
| BV1 < Enterprise Value | 0.956 | 0.012 | 79.821 | 0.956 | 0.956 |
| BV2 < Enterprise Value | 0.844 | 0.048 | 17.745 | 0.910 | 0.910 |
| BV3 < Enterprise Value | 0.910 | 0.029 | 31.761 | 0.945 | 0.945 |
| BV4 < Enterprise Value | 0.945 | 0.015 | 62.525 | 0.890 | 0.890 |
| **Business Valuation -> Free Cash Flow** | **0.909** | **0.024** | **37.854** | **0.949** | **0.974** |
| BV5 < Free Cash Flow | 0.975 | 0.010 | 99.430 | 0.975 | 0.975 |
| BV6 < Free Cash Flow | 0.974 | 0.011 | 91.473 | 0.974 | 0.974 |
| **Business Valuation -> Future Value** | **0.915** | **0.027** | **33.830** | **0.925** | **0.961** |
| BV7 < Future Value | 0.962 | 0.013 | 75.200 | 0.962 | 0.962 |
| BV8 < Future Value | 0.961 | 0.013 | 72.087 | 0.961 | 0.961 |
| **Company Asset -> Tanggible Asset** | **0.959** | **0.011** | **85.640** | **0.730** | **0.941** |
| CA1 < Tanggible Asset | 0.893 | 0.033 | 27.039 | 0.893 | 0.893 |
| CA2 < Tanggible Asset | 0.917 | 0.022 | 42.041 | 0.917 | 0.917 |
| CA3 < Tanggible Asset | 0.846 | 0.043 | 19.480 | 0.846 | 0.846 |
| CA4 < Tanggible Asset | 0.920 | 0.021 | 43.511 | 0.920 | 0.920 |
| CA5 < Tanggible Asset | 0.782 | 0.074 | 10.568 | 0.782 | 0.782 |
| CA6 < Tanggible Asset | 0.751 | 0.051 | 14.657 | 0.751 | 0.751 |
| **Company Asset -> Intanggible Asset** | **0.941** | **0.018** | **53.409** | **0.614** | **0.905** |
| CA7 < Intanggible Asset | 0.746 | 0.069 | 10.854 | 0.746 | 0.746 |
| CA8 < Intanggible Asset | 0.854 | 0.035 | 24.589 | 0.854 | 0.854 |
| CA9 < Intanggible Asset | 0.757 | 0.061 | 12.383 | 0.757 | 0.757 |
| CA10 < Intanggible Asset | 0.730 | 0.074 | 9.927 | 0.730 | 0.730 |
| CA11 < Intanggible Asset | 0.791 | 0.033 | 23.643 | 0.791 | 0.791 |
| CA12 < Intanggible Asset | 0.814 | 0.034 | 24.124 | 0.814 | 0.814 |
| **Organizational culture -> Flexibility & Discretion** | **0.940** | **0.017** | **56.257** | **0.855** | **0.922** |
| OC1 < Flexibility & Discretion | 0.930 | 0.014 | 68.267 | 0.930 | 0.930 |
| OC2 < Flexibility & Discretion | 0.919 | 0.019 | 47.646 | 0.919 | 0.919 |
| **Organizational culture -> Stability & Control** | **0.973** | **0.007** | **129.970** | **0.827** | **0.935** |
| OC3 < Stability & Control | 0.900 | 0.023 | 38.796 | 0.900 | 0.900 |
| OC4 < Stability & Control | 0.929 | 0.021 | 44.736 | 0.929 | 0.929 |
| OC5 < Stability & Control | 0.899 | 0.029 | 30.805 | 0.899 | 0.899 |

In table 3 it is known that the AVE value > 0.5 and composite reliability > 0.7 so variable-research has good reliability. Convergent values of validity are seen from
loading factors. The value of loading factor $> 0.5$, and $t$ count $> t$ table (2.01) means that each indicator measures its dimensions validly.

**B. Evaluation of Structural Model (Inner Model)**

This test is indicated by the value of R Square on endogenous constructs and *Prediction relevance* ($Q$ square) or known as Stone-Geisser's used to know the capability of prediction with *blindfolding* procedure. If the value obtained 0.02 (minor), 0.15 (medium) and 0.35 (large), and only used for the endogenous construct with reflective indicator. Refer to Chin (1998), the value of R square amounted to 0.67 (strong), 0.33 (medium) and 0.19 (weak). Refer to Tenenhaus (2004), the value of $GoF$ is small = 0.1, $GoF$ medium = 0.25 dan $GoF$ large= 0.38.

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>$Q^2$</th>
<th>$GoF$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Valuation</strong></td>
<td>0.481</td>
<td>0.749</td>
<td>0.587</td>
</tr>
<tr>
<td><strong>Company Asset</strong></td>
<td>-</td>
<td>0.587</td>
<td>-</td>
</tr>
<tr>
<td><strong>Organizational culture</strong></td>
<td>-</td>
<td>0.756</td>
<td>-</td>
</tr>
</tbody>
</table>

The test results obtained values of $R^2$, $Q^2$ and $GoF$ meet the requirements to say that the model is fit. The following is given a picture of the results of testing the model with SmartPLS.

Figure 1: Complete Path Diagram of Research Mode and $t$ value

Based on the research model, a structural model (inner model) is obtained:

$$\eta_1 = 0.249\xi_1 + 0.467\xi_2 + \zeta_1$$
b. **Hypothesis Testing**

The following is explained the results of hypothesis testing.

<table>
<thead>
<tr>
<th>No</th>
<th>Hypothesis</th>
<th>Coefficient $\gamma$</th>
<th>SE($\gamma$)</th>
<th>t value</th>
<th>$R^2$</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Organizational culture and Company Asset $\rightarrow$ Business Valuation</td>
<td>F value = 37.988**</td>
<td>0.481</td>
<td>Significant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Organizational culture $\rightarrow$ Business Valuation</td>
<td>0.249</td>
<td>0.107</td>
<td>2.338*</td>
<td>0.163</td>
<td>Significant</td>
</tr>
<tr>
<td>3</td>
<td>Company Asset $\rightarrow$ Business Valuation</td>
<td>0.467</td>
<td>0.124</td>
<td>3.759*</td>
<td>0.319</td>
<td>Significant</td>
</tr>
</tbody>
</table>

* significant at $\alpha=0.05$ (t table = 2.01)
** significant at $\alpha=0.05$ (F table = 3.20)

Simultaneous testing shows that the Organizational Culture and Company Asset jointly affects the Business Valuation with $R^2 = 48.1\%$, where the Company Asset has a greater influence of 31.9%.

So based on the results of testing the hypothesis, found the research findings as follows:

The research results indicate that both organizational culture and company assets have an impact on the valuation of the diving industry in Indonesia. These results support the hypothesis proposed. It was found that company assets have a stronger effect than
organizational culture on increasing business valuations. In the company assets variable, it was discovered that tangible assets make a greater contribution than intangible assets in increasing business valuations. This illustrates the important role of tangible assets in the diving industry in terms of increasing business valuations. These tangible assets include diving facilities, equipment and infrastructure, supporting technology, adequate office facilities, information and communication technology, and enough employees to serve customers. While intangible assets include the extent of the company's reputation, employee managerial capability, certified diving instructor qualifications, conservation education at the destination, the ability to develop new destinations, and the ability to explore destinations, which are vital to running a diving business. These factors have been shown to contribute to the possession of superior company assets, which ultimately increases business valuations.

The research findings reveal that the dimensions of stability and control within organizational culture have a more dominant effect on increasing business valuations of diving industries in Indonesia, compared to flexibility and discretion. Stability and control indicate the ability of an organization to focus on flexibility, freedom, and dynamism in company activities. Additionally, stability and control are also evaluated based on the level of organizational stability and the effectiveness of the control system in place. On the other hand, Flexibility and Discretion pertain to the effectiveness of the focus on internal orientation, integration, and unity within the organization, as well as the effectiveness of the company's interactions and competitiveness with external parties beyond organizational boundaries. These aspects have also been shown to contribute to the development and increase of business valuation in the diving industry in Indonesia.

5 CONCLUSIONS

The research findings show support for the hypothesis that organizational culture and company assets influence the valuation of diving industry businesses in Indonesia. Asset companies have a more dominant influence than organizational culture in increasing business valuations. In company asset variables, tangible assets have a greater contribution than intangible assets in increasing business valuations. While in the organizational culture variable, the dimensions of stability and control contribute more dominantly than flexibility and discretion in increasing the business valuation of diving industries in Indonesia.
This finding is expected to have implications for the management of diving industry companies in Indonesia as an alternative model of solutions in increasing business valuations based on the development of corporate assets and organizational culture. Aspects that must be the top priority in developing company assets are tangible assets, while in developing organizational culture, management needs to prioritize the development of stability and control within the organization to ensure the company's ability to create flexibility, freedom and dynamism in the organization and the realization of effective stability and control so that the company's activities go well. To achieve success and maintain quality in the industry, it is important to focus on both company assets and organizational culture.
REFERENCES


Nummelin, 2006, Mesuring Organizational Culture in Construction sector- Finnish Sample, VTT, Technical Research Center of Finland.


