


“Does intrapreneurship increase work spirit and performance of village credit institutions?”

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DOES INTRAPRENEURSHIP INCREASE WORK SPIRIT AND PERFORMANCE OF VILLAGE CREDIT INSTITUTIONS?

Abstract

This study aims to analyze the influence of intrapreneurship on improving village credit institution (VCI) performance with the work spirit as a mediation variable. The study was conducted at 108 village credit institutions in Karangasem Regency, Bali Province, Indonesia. Respondents were representatives of the management of village credit institutions (heads, treasurers, and secretaries). Sampling was done by proportional random sampling. A quantitative approach was used. Data were analyzed by the partial least square with SmartPLS 2.0 M3 program. The results found that intrapreneurship had a significant positive effect on the VCI performance. In addition, intrapreneurship had a significant positive effect on the work spirit, work spirit had a significant positive effect on the VCI performance, and work spirit significantly mediated the effect of intrapreneurship on VCI performance. Findings described the relationships among intrapreneurship, work spirit, and VCI performance in Karangasem Regency. VCI performance is more influenced by the work spirit than intrapreneurship with a coefficient of 0.645; VCI performance is partially influenced by intrapreneurship with a coefficient of 0.383; work spirit is also partially influenced by intrapreneurship with a coefficient of 0.353. Work spirit with a coefficient of 0.227 can act as partial mediation of the VCI performance in Karangasem Regency, Bali Province, Indonesia.

Keywords

employee, management, organization, Bali, behavior, environment

JEL Classification

M10, M12

INTRODUCTION

In this period of globalization, every organization is required to maximize performance by increasing the role of human resources, e.g. within village credit institutions (VCI). The main thing that must be considered is that the role of human resources is getting better, more professional, and able to maximize the performance of intrapreneurship in the organization. Felício et al. (2012) stated that intrapreneurship affects company performance, which is measured in a multidimensional structure. Molina and Callahan (2009) stated the importance of increasing employers' and employees' awareness about their responsibility for fostering individual and organizational learning and intrapreneurship within organizations as a way to increase organizational performance.

According to Nitisemito (1992), work enthusiasm and work spirit are difficult to separate even though work spirit has a considerable influence on performance. With an increase in work enthusiasm and work spirit, work will be completed more quickly and all the bad effects of reduced work spirit such as attendance will be minimized. It will further increase work spirit and work enthusiasm that are expected to boost employee productivity.

Dubey et al. (2014), Baruah and Ward (2015), Michael (2016), Widya-Hastuti et al. (2016), Mbaka (2017), and Olokundun et al. (2017) considered intrapreneurship as an important concept that requires attention of all organizations looking to achieve outstanding performance in today's dynamic and highly competitive world of business. Molina and Callahan (2009) showed that intrapreneurship plays a vital role in organizational performance to explore the relationship between individual learning, intrapreneurship, and organizational learning to create alternative models of how learning facilitates performance in organizations.

Village credit institution empowerment plays a very important role in encouraging fundraising and channeling it back to the community in the context of rural development in a broad sense. Gunawan (2009) explained that the organizational performance of VCI in Bali is measured by the Balanced Score Card method, which is a performance measurement based on the organizational strategy. The dominant aspects affecting the performance of VCI are organizational culture, leadership style, motivation, and work spirit.

Based on the data released by Bali Provincial Secretariat Finance Bureau, in 2019, Bali Province has 1,433 VCI, where 864 VCI (60%) are in a healthy condition, 249 VCI (17%) are quite healthy, 130 VCI (9%) are not so healthy, 44 VCI (3%) are unhealthy, and 146 VCI (10%) are bankrupt. In particular, Karangasem Regency has 190 VCI in a healthy condition (107), quite healthy (40), not so healthy (17), unhealthy (2), and bankrupt (24). The pre-research on VCI stated that the obstacles in running VCI lie with the community and the people in it such as leaders and employees. Often there are disputes between institutional leaders and the community as well as employees, which results in the decline in the performance of the institution itself, and even the community's ostracization of the institution's management.

The research problem is whether intrapreneurship has a direct influence on work spirit and organizational performance. In addition, it is worth studying whether the influence of intrapreneurship on organizational performance can be increased with the mediation of work spirit.

1. LITERATURE REVIEW

1.1. Organizational performance

The concept of performance can be seen from two aspects, namely employee (individual) performance and organizational performance. Performance is a description of the level of achievement of task implementation in an organization, realization of goals, objectives, mission, and vision of the organization (Bastian, 2001, p. 329). The concept of performance is an achievement of results or a degree of their accomplishments (Keban, 1995).

Furthermore, performance is also the result of a series of process activities carried out to achieve certain organizational goals. For an organization, performance is the result of collaborative activities among members or organizational components to achieve organizational goals. Organizational performance is the totality of the work achieved by an organization. The achievement of organizational goals means that the performance of the organ-

ization can be seen from the extent to which the organization can achieve goals based on predetermined goals (Surjadi, 2009, p. 7). Organizational performance is something that has been achieved by the organization within a certain time, both related to input, output, outcome, benefit, and impact (Sobandi, 2006, p. 176).

Organizational performance cannot be separated from the factors that can influence it. The following are the factors that affect organizational performance (Ruky, 2001, p. 7), namely technology, which includes work equipment and work methods, quality of inputs or materials, quality of the physical environment, organizational culture, leadership, human resource management, which includes aspects of compensation, rewards, promotions, etc.

1.2. Intrapreneurship

Pinchot (1984) defined intrapreneurs as dreamers who dare to realize their dreams by creating various kinds of innovations in business. Meanwhile,

Antoncic and Hisrich (2003) defined intrapreneurship as entrepreneurship that occurs within organizations, which is a link between knowledge gaps and market desires. Furthermore, Koch (2014) stated that intrapreneurship is the key to success in the business world.

According to Mbaka (2017), intrapreneurship is an important concept that requires the attention of all organizations that want to achieve extraordinary performance in today's dynamics and a very competitive business world. Companies that wish to exploit intrapreneurial potential need to release and maintain intrapreneurial capital to create an environment that supports creative intrapreneurial. Such an environment must not only tolerate but also systematically encourage and develop employee intrapreneurial activities in an organization, entrepreneurship, management, organizational behavior, and psychology.

Amo (2010) stated that corporate entrepreneurship and intrapreneurship are related to behavioral innovation among employees. Entrepreneurship is recognized as an organizational strategy to achieve innovation and growth. Intrapreneurship is recognized as a tool for employees who want to realize a vision of entrepreneurial innovation behavior. The American Heritage Dictionary (n.d.) acknowledged intrapreneurship as someone in a large company who takes direct responsibility for turning ideals into profitable realities through appropriate risk-taking and innovation. It has been proved that intrapreneurship has a significant positive effect on organizational performance. Felício et al. (2012) revealed that intrapreneurship has a significant positive effect on company performance.

Irawanto (2015) and Serinkan et al. (2013) suggested that employees must be given autonomy to develop valuable means through intrapreneurship innovation with the right competitiveness and reward system, which will motivate employees to think and become intrapreneurs and also commit to mapping courses because they are involved in the process.

1.3. Work spirit

Elnaga and Imran (2014) stated that work spirit helps thinking broadly and generates intrapreneurial initiatives when they are empowered.

This suggests that employee intrapreneurial engagement is a function of the level of employee empowerment. Ma et al. (2016) also found that employee empowerment encourages internal development exploring strategic initiatives. Organizations can only achieve their intrapreneurial initiatives if employees are empowered and an environment that stimulates employee engagement is created.

Rezaei and Amin Fanak (2019) investigated the effect of organizational learning mediation on the relationship between entrepreneurial orientation and organizational performance in the agricultural organization of West Azerbaijan Province, Iran, as well as mediating effects of organizational learning on the relationship between entrepreneurial orientation and organizational performance. The findings showed that organizational learning has a statistically significant positive effect on mediating the relationship between entrepreneurial orientation and organizational performance.

2. AIM AND HYPOTHESES

This paper aims to examine the effect of intrapreneurship on organizational performance mediated by work spirit. Thus, the following hypotheses are proposed:

- H1: *Intrapreneurship has a significant positive effect on organizational performance at VCI in Karangasem Regency.*
- H2: *Intrapreneurship has a significant positive effect on work spirit at VCI in Karangasem Regency.*
- H3: *Work spirit has a significant positive effect on organizational performance at VCI in Karangasem Regency.*
- H4: *Work spirit plays a positive significant role as a mediator in the relationship between intrapreneurship and organizational performance at VCI in Karangasem Regency.*

Referring to the literature review, a conceptual framework was built (Figure 1).

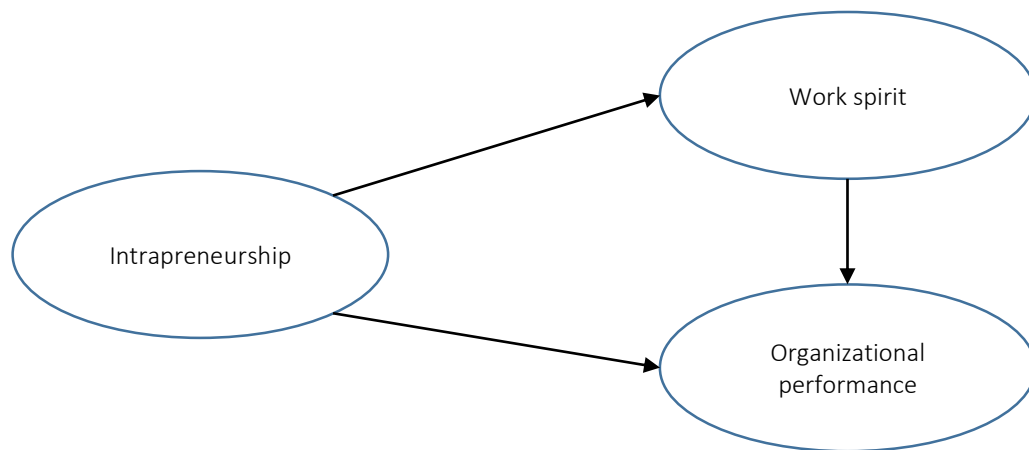


Figure 1. Concept framework of the relationship between intrapreneurship, works spirit, and performance

3. METHODOLOGY

This paper is designed as a quantitative study, confirming the relationship between intrapreneurship, work spirit, and organizational performance at VCI in eight districts of Karangasem Regency, Bali Province, Indonesia. The population in this study is 190 VCI in Karangasem Regency, with a sample of 108 VCI. The number of VCI used as samples were determined based on the Slovin formula with a percentage allowance error of 5%. The results of the calculation of the Slovin formula are presented as (1).

$$\begin{aligned}
 n &= N / (1 + Ne^2), \\
 n &= 190 / \{1 + (190 \times 0.052)\}, \\
 n &= 108.21 \text{ (rounded to 108)}.
 \end{aligned} \tag{1}$$

Table 1. Determination of sample size

Source: Economic Bureau of the Regional Secretariat of Bali Province (2019).

No.	Districts	Number of business units	Number of samples
1	Rendang	26	14
2	Manggis	19	10
3	Kubu	41	21
4	Abang	20	11
5	Karangasem	23	20
6	Sidemen	19	10
7	Selat	27	15
8	Bebandem	15	8
Total		190	108

Sampling was carried out by proportional random sampling as shown in Table 1. Respondents in this study were the VCI management, namely the lead-

ers (heads, treasurers, and secretaries). Extracting information is carried out by providing a questionnaire to the respondent to be filled in and returned on the spot. The study was conducted for one year starting in January 2020. The questionnaire given to the respondents was in the form of perceptual statements that must be answered in the column provided. Respondents' answers are in the form of a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

This study correlates the variables of intrapreneurship (independent variable), work spirit (mediation variable), and organizational performance (dependent variable). Each variable consists of several dimensions/indicators. Intrapreneurship consists of the environment (new ventures, new business, product/service innovativeness, process innovativeness) and organization (self-renewal, risk-taking, proactiveness, competing for aggressiveness). Work spirit consists of behavior, individual, self-adjusting, and ego. Organizational performance consists of financial perspective (growth, sustain, harvest), customer perspective (customer satisfaction, customer value proposition, profitability), internal perspective (innovation, operations, after-sales), growth and learning perspective (employee ability, information system capability, motivation).

Data analysis was carried out using the SmartPLS 2.0 M3 program, through three stages, namely the validity and reliability testing, the research model accuracy testing, and the hypothesis testing.

The data validity testing was conducted through convergent validity and discriminant validity. Convergent validity testing is based on the outer loading coefficient, where a set of data can be declared valid if the coefficient is 0.50 or more (> 0.50) and significant at a p-value of 0.05 (Chin, 1998). Testing the validity of data based on discriminant validity is shown by comparing the root value of average variance extracted (VAVE) with the correlation value between variables. It can be said to have discriminant validity if the root of AVE (VAVE) is greater than the correlation value between variables. The AVE coefficient must be greater than 0.50 (Bagozzi & Yi, 1988). Meanwhile, reliability testing is based on Cronbach's alpha and composite reliability coefficients. It is said to be reliable if the data set has a greater Cronbach's alpha and composite reliability coefficient of 0.70 (Hair et al., 2010).

The test accuracy of the model study was conducted through the R-square coefficient (R^2),

Q-square predictive relevance (Q^2), and goodness of fit (GoF).

Hypothesis testing is based on the path coefficient of each relationship between variables at the p-value of 0.05. The hypothesis can be accepted if the p-value of the path coefficient is less than 0.05 (p-value < 0.05 : the hypothesis is accepted). Conversely, the hypothesis will be rejected if the path coefficient has a p-value greater than 0.05 (p-value > 0.05 : the hypothesis is rejected).

4. RESULTS

The results of data analysis carried out based on the SmartPLS 2.0 M3 program show the value of the outer loading of each indicator as shown in Table 2. Table 2 provides information that all indicators used to reflect each variable are convergent

Table 2. Validity and reliability testing

Source: Authors' elaboration.

Variables	Dimensions	Indicators	Outer loading coefficient	p-value	Info
Intrapreneurship	Environment	New ventures	0.913	0.000	Valid
		New business	0.883	0.000	Valid
		Product/service innovativeness	0.824	0.000	Valid
		Process innovativeness	0.883	0.000	Valid
	Organization	Self-renewal	0.813	0.000	Valid
		Risk-taking	0.937	0.000	Valid
		Proactiveness	0.919	0.000	Valid
		Competing aggressiveness	0.937	0.000	Valid
Work spirit	Behavior	Go to work with a steady heart	0.895	0.000	Valid
		Ways to make work better	0.895	0.000	Valid
		It's unthinkable to change job	0.978	0.000	Valid
	Individual	Satisfied job finished on time	0.963	0.000	Valid
		Work enjoyment	0.915	0.000	Valid
		Work is a part of life	0.918	0.000	Valid
	Adjustment	Belief that co-workers understand each other	0.897	0.000	Valid
		Live up to work	0.803	0.000	Valid
		Come to work early	0.892	0.000	Valid
		Happy with work	0.895	0.000	Valid
		Suitable for co-workers	0.835	0.000	Valid
		Proud of work	0.827	0.000	Valid
Organizational performance	Financial perspective	Worried about the workplace	0.861	0.000	Valid
		Growth	0.918	0.000	Valid
		Sustain	0.845	0.000	Valid
	Customer perspective	Harvest	0.927	0.000	Valid
		Customer satisfaction	0.917	0.000	Valid
		Customer value proposition	0.687	0.000	Valid
	Internal perspective	Profitability	0.788	0.000	Valid
		Innovation	0.890	0.000	Valid
		Operation	0.811	0.000	Valid
	Growth and learning perspective	After-Sales	0.870	0.000	Valid
		Employee abilities	0.890	0.000	Valid
		Information system capability	0.811	0.000	Valid
		Motivation	0.870	0.000	Valid

valid and significant because they have an outer loading coefficient greater than 0.50.

The cross-loading test is used to test the discriminant validity of the indicator measurement model. If the cross-loading value of the indicator of a construct has a higher cross-loading value compared to other construct indicators, then the construct is said to have discriminant validity. Each indicator has the highest cross-loading of its latent variables, compared to other latent variables. The cross-loading value of the process innovativeness indicator on the intrapreneurship construct (the environmental sub-construct) is 0.834, higher than the cross-loading value of the process innovativeness indicator against other constructs. This shows that all indicators meet discriminant validity in the cross-loading test, which means that all indicators deserve to be included in further analysis.

Furthermore, the research variable reliability testing is carried out, which is indicated by the coefficient of Cronbach's alpha and composite reliability as shown in Table 3. Table 3 shows that all research variables are reliable, this is indicated by the coefficient of Cronbach's alpha being greater than 0.70. Based on the results of testing the validity and reliability of the data, it turns out that all research data are valid and reliable. Then, testing the accuracy of the research model is carried out.

Testing the accuracy of the model was carried out through the R-Square coefficient (R^2), Q-square predictive relevance (Q^2), and goodness of fit (GoF). The analysis results show the values of R^2 as shown in Table 4.

Table 3. Cronbach's alpha and composite reliability

Source: Authors' elaboration.

Variables	Dimensions	Cronbach's alpha	Composite reliability	Information
Intrapreneurship	Environment	0.828	0.885	Reliable
	Organization	0.828	0.891	Reliable
Work spirit	Behavior	0.783	0.874	Reliable
	Individual	0.893	0.934	Reliable
	Adjustment	0.884	0.920	Reliable
	Ego	0.713	0.839	Reliable
Organizational performance	Financial perspective	0.859	0.912	Reliable
	Customer perspective	0.725	0.846	Reliable
	Internal perspective	0.842	0.905	Reliable
	Growth and learning perspective	0.919	0.949	Reliable

Table 4. R-Square (R^2) coefficient

Source: Authors' elaboration.

Dependent variables	R-Square (R^2)	Level
Work spirit	0.124	Weak
Organizational performance	0.737	Strong

Table 4 shows the R-Square value for each endogenous variable. According to Ghazali (2012), the R-Square value between 0.67-1.00 indicates that the model is strong, while the R-Square range between 0.34-0.66 indicates a moderate structural model, and if the R-Square is smaller than 0.33, it indicates that the model is weak.

Evaluation of fit models based on Q^2 predictive relevance can be calculated by (2).

$$\begin{aligned}
 Q^2 &= 1 - \{(1 - R_{21})(1 - R_{22})\}, \\
 Q^2 &= 1 - \{(1 - 0.124)(1 - 0.773)\}, \quad (2) \\
 Q^2 &= 1 - 0.230, \\
 Q^2 &= 0.770.
 \end{aligned}$$

The Q^2 value of 0.770 means that %77 of the variation in VCI performance in Karangasem Regency can be explained by variations in intrapreneurship and work spirit, while the remaining 23% is explained by other variables outside the study.

Evaluation of the accuracy of the research model based on the goodness of fit criteria, calculated by (3).

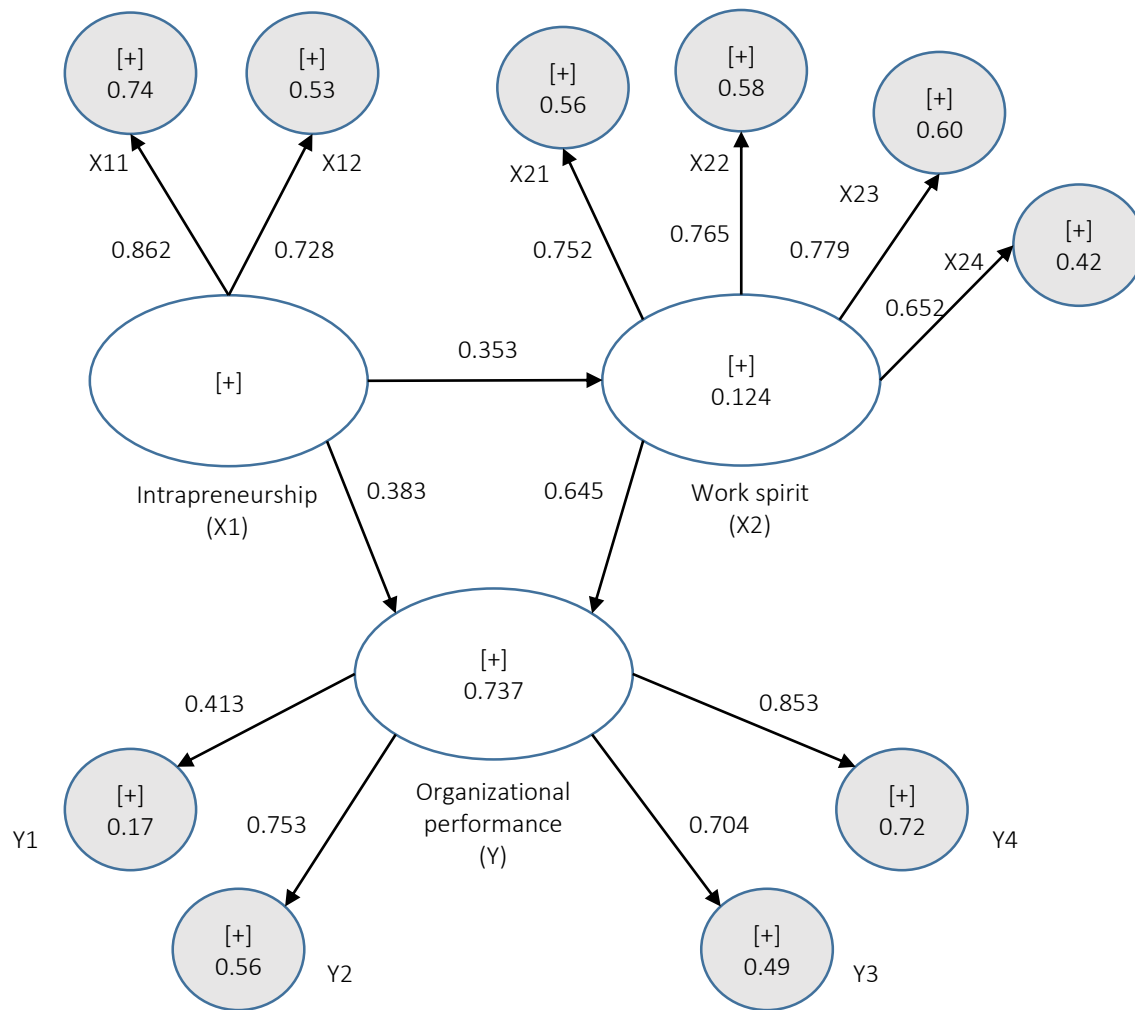


Figure 2. SmartPLS 2.0 M3 analysis results

$$\begin{aligned}
 GoF &= \sqrt{(\text{average } AVE \cdot \text{average } R^2)}, \\
 GoF &= \sqrt{\{(0.39833) \cdot (0.4305)\}}, \\
 GoF &= \sqrt{0.171483}, \\
 GoF &= 0.41410.
 \end{aligned}
 \tag{3}$$

Based on the results of the GoF calculation, the model has a level of accuracy of 0.41410 (classified as good according to Akter et al., 2011). Based on the three results of testing the accuracy of the model, it is concluded that the model has a strong degree of accuracy; therefore, research hypothesis testing can be carried out.

The research hypothesis testing is based on the results of the analysis of the SmartPLS 2.0 M3 program and the modified SmartPLS analysis results, namely Figure 2 and Table 5.

Based on Figure 2 and Table 5, it can be explained that all variables or exogenous constructs have a significant effect on endogenous variables with p-values less than 0.05 or with t-values greater than 1.96 and with positive relationships or signs. Thus, statistically, *H1* is accepted: intrapreneurship has a positive and significant effect on VCI performance in Karangasem Regency. In addition, *H2* is accepted: intrapreneurship has a positive and significant effect on work spirit; *H3* is accepted: work spirit has a positive and significant effect on VCI performance; *H4* is accepted: work spirit significantly mediates the effect of intrapreneurship on VCI performance.

The relationship between research variables can also be seen in Figure 2 and Table 5. VCI performance is more influenced by work spirit than intrapreneurship with a coefficient of 0.645. VCI performance is significantly influenced by intra-

Table 5. Path coefficient

Source: Authors' elaboration.

Hypothesis	Correlation			Path coefficient	p-value	Info
	Independent	Mediation	Dependent			
Hypothesis 1	Intrapreneurship	Work spirit	Organizational performance	0.383	0.000	Significant
Hypothesis 2	Intrapreneurship	Work spirit	Organizational performance	0.353	0.002	Significant
Hypothesis 3	Intrapreneurship	Work spirit	Organizational performance	0.645	0.000	Significant
Hypothesis 4	Intrapreneurship	Work spirit	Organizational performance	0.227	0.003	Significant

preneurship with a coefficient of 0.383, and work spirit is significantly influenced by intrapreneurship with a coefficient of 0.353. The coefficient of work spirit mediation is 0.227 so that work spirit can act as a mediator in the relationship between intrapreneurship and VCI performance in Karangasem Regency.

5. DISCUSSION

The results of the data analysis showed that intrapreneurship has a positive and significant effect on VCI performance in Karangasem Regency. This means that the more intrapreneurship plays in VCI, the more the VCI performance in Karangasem Regency increases. The results of this study are in line with Bastian's theory (2001, p. 329): performance can be seen from two aspects, namely employee (individual) performance and organizational performance. Performance is a description of the level of achievement of task implementation in an organization, realization of goals, objectives, mission, and vision of the organization. Deci and Ryan (2008) linked personality, human motivation, and optimal functioning and stated that there are two main types of motivation (intrinsic and extrinsic) and that both are powerful forces in shaping behavior. Blanka (2019), Burgelman (1983), Jennings and Lumpkin (1989), and Miller (1983) showed that intrapreneurship is positively related to earnings and returns on sales and assets. Felício et al. (2012) investigated the influence of intrapreneurship on company performance and found that it has a multidimensional structure. The model proves the effect of growth and the importance of increasing performance.

It is found that intrapreneurship has a significant positive effect on work spirit at VCI Karangasem

Regency. This means that the more intrapreneurship functions, the higher the work spirit is at VCI Karangasem Regency. The results of this study are in line with Ireland et al. (2003), who stated that strategic renewal involves behavior, looking for opportunities and looking for profits to improve organizational capabilities, compete with industrial rivals, and work adequately on the progress and internal development of companies. The role of intrapreneurship at the employee level is investigated, and the intrapreneurial actions of both managerial and non-managerial employees are considered central to new business creation.

These results are also in line with Marvel et al. (2007), Hornsby et al. (2009), Belousova and Gailly (2013), Globocnik and Salomo (2015), and Blanka (2019). Senior-level managers play a central role in creating a vision and organization that facilitates intrapreneurship. They are responsible for rationalizing the business. New business is a strategic choice that adds value to the organization. Middle-level managers can play an evaluative role in championing, refining and facilitating bottom-up ideas that benefit senior management, from top-level to key executives.

It is concluded that work spirit had a significant positive effect on VCI performance in Karangasem Regency. This means that the higher the work spirit, the more the VCI performance in Karangasem Regency increases. The results of this study are in line with Guth and Ginsberg (1990), Morris et al. (2011), and Blanka (2019), who stated that the conceptualization of intrapreneurship refers to bold corporate activities and organizational strategic renewal as a result of its employees' intrapreneurial behavior and effective human resource management. Corporate cooperation refers to the creation and integration of new business, or part of new business through equity

investment, into the organization's overall business portfolio (Narayanan et al., 2009).

According to Rigtering and Weitzel (2013), and Valsania et al. (2016), the conceptualization suggests that initiative reflects the self-starting nature of intrapreneurship employees characterized by awareness of external trends and events. Furthermore, Wakkee et al. (2010) stated that employees at the staff level can proactively combine existing resources to create new products, or management can change organizational resources to anticipate changes in key business areas. Taking risk is considered a hallmark of intrapreneurial activity because the return on invested resources is characterized by the risk of the potential loss. Such a loss may be a failed new product, but it is also linked to an individual's reputation when selling a controversial issue (Jong et al., 2015).

It is proved that work spirit significantly mediates the effect of intrapreneurship on VCI performance in Karangasem Regency. This means that with a high work spirit, an intrapreneur will grow in VCI so that it can simultaneously improve VCI performance in Karangasem Regency. This result is supported by Rezaei and Amin Fanak (2019), who investigated the effect of organizational learning mediation on the relationship between entrepreneurial orientation and organizational performance in the agricultural organization of West Azerbaijan Province, Iran. The mediating effect of organizational learning on the relationship between entrepreneurial orientation and organizational performance shows a statistically significant positive effect on mediating the relationship between entrepreneurial orientation and organizational performance.

CONCLUSION

The purpose of this study is to analyze the effect of intrapreneurship on work spirit and organizational performance and investigate whether work spirit can mediate the influence of intrapreneurship on organizational performance. The results of the analysis show that intrapreneurship has a positive and significant effect on work spirit and organizational performance. Work spirit is also able to partially mediate the influence of intrapreneurship on organizational performance.

The results of this study prove that intrapreneurship is very important for all employees, not only at the management level because in intrapreneurship environmental organizational factors play an important role in improving organizational performance. The work spirit possessed by the management and employees needs to be improved to foster responsibility at work so that optimization of organizational performance will be achieved.

AUTHOR CONTRIBUTIONS

Conceptualization: I Ketut Merta.

Data curation: I Ketut Merta.

Formal analysis: I Ketut Merta.

Investigation: I Ketut Merta.

Methodology: I Ketut Merta, I Wayan Gede Supartha, I Made Artha Wibawa.

Project administration: I Ketut Merta.

Resources: I Ketut Merta.

Supervision: I Wayan Gede Supartha, I Made Artha Wibawa, Ida Bagus Ketut Surya.

Validation: I Wayan Gede Supartha, I Made Artha Wibawa, Ida Bagus Ketut Surya.

Writing – original draft: I Ketut Merta.

Writing – review & editing: I Ketut Merta, Ida Bagus Ketut Surya.

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