

# The Influence of Organizational Culture, Business Partnership, and Motivation on The Performance of Micro and Small Businesses in Sleman Regency

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**Abstract.** This research is aimed to find out the influence of organizational culture, business partnerships and motivation on the performance of micro and small businesses in Sleman Regency. The research is conducted in “Forum Komunikasi Usaha Mikro, Kecil dan Menengah” in Sleman Regency. This is quantitative research with a sample of 102 micro and small enterprises in Sleman Regency. The data analysis is done with SPSS with multiple linear regression analysis at the significance level  $\alpha = 0.05$ . The results shows that either partially or simultaneously organizational behavior, business partnership and motivation have positive influences and are significant to business performance. The influence of organizational culture, business partnership and motivation on business performance is the performance of micro and small business is indicated by Adjusted R Square of 55.1%.

**Keywords:** Organizational Culture, Business Partnership, Motivation, Performance

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## Introduction

Indonesia has improving its economic through its private sector that is Small Medium Enterprise (SME) that is influenced by Government Law No. 46 year 2013 (Syafiqurrahman, 2017). This act is preserving by put SME on low rate of tax. By this regulation, Indonesia Government acknowledging the contribution of SME toward its economics. One of the unique characteristics of SME is that their production is by hand which mean they employ labor intensive rather than manufacturing sector. The last but not least that the characteristic of SME is that its business chain. SME tend to cooperate with local community for its supplies.

The government's efforts to participate in advancing micro and small businesses are shown by various encouragement, among others in the form of facilitation and assistance, both capitalization, equipment and activities. Various activities have been carried out by the Office of Cooperatives, Small and Medium Enterprises of Sleman Regency, including through the facilitation of partnership networks, various marketing training programs both online and offline, entrepreneurship training, financial management and human resource management, business consulting, promotion through media and exhibitions. directly so that micro and small businesses can survive and compete in facing the global market and current market demands.

One of the efforts of the Office of Cooperatives, Small and Medium Enterprises of Sleman Regency is to accommodate the Micro and Small Business Group in an organization, namely the establishment of the UMKM (Micro, Small and Medium Enterprises) Communication Forum in each District. The elements of medium-sized businesses that are included in the forum aim to provide motivation for micro and small business actors to develop more. With this forum, it is very useful, especially for micro and small business actors, besides being able to add networks, knowledge, all information will be obtained quickly and accurately, because it is part of a social media group. With this communication forum, it will indirectly accelerate business growth, because in addition to products being recognized by many people, fellow micro and small business actors can help each other as marketers, and can exchange knowledge to improve their business.

Organizational culture is an organizational culture which refers to a system of shared meanings adopted by members that distinguishes the organization from

other organizations, the shared meaning system is a set of key characteristics that the organization holds high (Robbins & Judge, 2008). Business Partnership or better known as mutual cooperation or cooperation from various parties, both individually and in groups is needed. According to (Notoatmodjo, 2003) a partnership is a formal collaboration between individuals, groups or organizations to achieve a specific task or goal. Motivation is a driving force that results in a person willing and willing to mobilize abilities in the form of expertise or skills, energy and time to carry out various activities that are their responsibility and fulfill their obligations, in order to achieve predetermined organizational goals and objectives. Motivation in this case is the motivation of MSEs actors who are still largely lacking in increasing their business. The need for affiliation of some business actors is still low, due to their lack of self-confidence in social interactions, there is still a sense of fear of cooperation and insecurity, feeling worthless when offering their products to larger businesses such as retail groups, shops, supermarkets and so on. The need for power has not been possessed by micro and small business actors, some of whom have not thought of becoming a market leader or controlling the market both online and offline, marketing through online media has indeed been done, but has not brought enough customers, and they have not dared to add capital to make it bigger effort. The need for achievement related to increased profit and business development cannot always increase significantly every month, even in certain months, for example in months that are not many holidays, sales turnover is very minimal and far from expectations, sales targets cannot always be achieved and sometimes micro and small even suffered a loss.

Some of the factors above cause the performance of MSE actors to be not optimal, according to the work results that can be achieved by a person or group of people in an organization, according to their respective authorities and responsibilities in an effort to achieve the organizational goals concerned legally, does not violate the law and in accordance with morals and ethics. The effectiveness includes the monthly production quantity / capacity of MSEs which is still unstable, some MSEs players have not been able to predict and determine the production capacity needed by the market, sometimes the production results are a lot and sometimes very little and not as expected. Efficiency related to production and marketing costs cannot be predicted accurately, resulting in increased spending, and production costs have not been estimated if at any time there is an increase in raw

material prices. The authority has not been fully implemented by the business actor because there is no written standard operating procedure so that it is still possible to make mistakes in the production process on customer orders. Work time discipline has not been carried out properly, sometimes the processing of orders is delayed from the deadline and the discipline of MSEs players tends to prioritize their personal interests, even though working hours are still running if there is a sudden need, they immediately stop the production process. In addition, there is no discipline in financial recording, some MSEs only have records of expenses and income, many of them do not have a balance sheet, profit and loss, inventory and journals. Business actors are lacking in initiative, some have not been able to keep up with market demand trends. Social media which can now be used as a marketing medium has not been utilized properly, some MSEs use social media only for personal media, besides that in taking the initiative to make unique product innovations it cannot always be done for fear of not being sold in the market.

Irwan Sugiarto (2010), Fiko Aditya Delvi Adri (2017) and Anwar Ikhsan (2016) the results of their research are that organizational culture has a significant effect on performance, while in the research business partnership conducted by Dwi Sasongko Purnomo (2018), Saparuddin M (2011), Heru Sulisty (2011), and Kamala Dinni Sofiyah (2016) the results of the study state that business partnerships, business partnerships or institutional partnerships can improve business performance. And previous research on motivation states that motivation can affect performance, this research was conducted by Titien Agustina (2017), Imran Rosman Hambali (2016), Dedek Kurniawan Gultom (2014) and Nines Intan Novianti (2015).

In a discussion of the phenomenon of the variables above and the related gaps in it, researchers are interested in conducting research with the title "The Influence of Organizational Culture, Business Partnerships, and Motivation on the Performance of Micro and Small Business Actors in Sleman Regency". The problems in this study can be identified as follows: 1) How are the partial influences of organizational culture, business partnerships, and motivation on the performance of micro and small entrepreneurs in Sleman Regency; 2) How are the simultaneous influences of organizational culture, business partnerships, and motivation on the performance of micro and small businesses in Sleman Regency.

## Literature Review

The performance of business actors is important to continue to be improved, with the increase in the performance of business actors, the performance of employees and their organizations will also continue to grow, the performance to be measured in this study is in the three variables that influence it, in this study the researchers wrote down the influence of organizational culture variables. , business partnerships and motivation for the performance of micro and small businesses. Organizational culture refers to a system that is understood together, of course, it can make its members support each other, provide good examples among members and remind each other to be able to continue to excel in increasing their business. The culture that is formed in the organization includes an innovative spirit and courage to take risks, attention to details, orientation towards results, people, teams and aggressiveness as well as establishing oneself in the business should be able to improve the performance of micro and small business actors.

A business partnership is a collaboration between various parties, both micro and small business actors, supported by the guidance and development of large businesses and the government and related agencies and collaborative efforts to mutually strengthen and benefit, it is hoped that it can improve the performance of micro and small businesses in developing their businesses into scale businesses greater than. Motivation or driving force in running a business by mobilizing the ability, skills, energy and time which are shared responsibility in achieving business goals and objectives can be continuously pursued to improve performance so that business goals can be achieved, motivation includes increasing the need for affiliation, power and achievement. every business actor must have so that they are motivated and enthusiastic about working.

## Hypothesis Development

According to (Hutapea & Thoha, 2008) organizational culture is a value that is owned by an organization that is felt and understood by all members of the organization. This value is reflected in the beliefs, symbols, rituals, myths and practices that occur in the organization. These values become a guideline or guide for organizational members in behaving. A strong organizational culture can control the minds, souls and bodies of members of the

organization. According to (Ibrahim, 2009) organizational culture is a value system held by members of the organization which differentiates the organization from other organizations.

Organizational culture is defined as a cognitive framework that contains attitudes, values, norms and expectations shared by organizational members. Attitudes, values, norms and shared expectations by organizational members who support each other to improve joint performance, will provide more motivation in an effort to improve business performance

The studies from (Abdillah & Rangkuti, 2019; Putra, 2015; Suryana et al., 2019) the results of the study revealed that the respondents' answers regarding organizational culture. It was found that organizational culture had an effect on the performance of business actors.

H1: Organizational culture has a positive and significant effect on the performance of micro and small entrepreneurs in Sleman Regency.

According to (Kuncoro, 2004) who argues that a partnership in the form of a sub-contract can benefit both partners because of the technical linkages and risk sharing and in this case there is no superiority and inferiority; there is only a mutual relationship, helping each other because of the mutually beneficial production process. It is hoped that the advantages of partnering and good cooperation between business actors, with related agencies or with large businesses can improve the performance of micro and small business actors.

Based on previous researches show positive influence between business partnership toward performance. According to (Qomariah, 2016) reveals that SMEs's performance is influenced by business partnership. Therefore, external parties are important. H2: Business partnership has a positive and significant effect on the performance of micro and small entrepreneurs in Sleman Regency.

Motivation is a process that explains the intensity, direction and persistence of an individual's efforts to achieve goals. Motivation is the provision of individual incentives to act which causes the person to behave in a certain way that leads to a goal. The encouragement of someone to be more diligent in trying to achieve goals can certainly improve performance so that goals can be achieved as soon as expected. According to (Mufidah, 2019; Pradana et al., 2016; Qomariah, 2016) shows that the motivation variable has a positive effect on the performance of SMEs, so that SMEs must have innovation in developing their business, innovative fresh ideas need

to be encouraged so that the desire to be able to move forward into a large business can be realized. However, according to (Trihudiyatmanto & Purwanto, 2018) reveals that there is no significant relationship between motivation and business performance.

Hypothesis 3: Motivation has a positive and significant effect on the performance of micro and small businesses in Sleman Regency.

Organizational culture is a system of shared meaning held by members that differentiates the organization from other organizations (Robbins & Judge, 2008). Cooperation or business partnership is intended so that there is a synergy relationship, not one party is sacrificed because of the other party's interest. The linkage is in the form of a business partnership (business cooperation) between large entrepreneurs such as BUMN, private companies and other economic institutions with small and medium entrepreneurs (Law Number 5 of 1984 concerning Small Industry, Article 11). According to (Robbins & Judge, 2008) suggests that motivation is the desire to do as a willingness to increase a high level of effort for organizational goals which is conditioned by the ability of that effort to meet an individual need. Organizational culture that supports each other between micro and small business actors and partnerships / collaborations to increase the level of each other's business, plus motivation for each micro and small business actor, is expected to improve the performance of micro and small entrepreneurs.

According to (Helmawati et al., 2017) in the research results show that organizational culture and motivation partially and simultaneously have a positive and significant effect on performance, good organizational culture can be applied by companies and motivation continues to be improved so that individual performance will increase.

H4: Simultaneously organizational culture, business partnerships, and motivation have a positive and significant effect on the performance of micro and small business actors in Sleman Regency.

## Methodology

The research object here includes the community of micro and small entrepreneurs who are members of the UMKM Communication Forum in Sleman Regency. The independent variable includes organizational culture, business partnerships and employee work motivation, and the dependent variable is the performance of micro, small and medium enterprises. The data are in the form of:

primary data that can be obtained directly from the source, using questionnaires and secondary data that can be obtained using documentation and literature study.

The determination of the sample size in this study is calculated based on the number of representative samples according to him is dependent on the number of measurement dimensions multiplied by 5 to 10, and as samples that can meet these requirements are: Sample = 17 (number variable measurement dimensions) x 6 = 102 respondents

The sampling technique uses the proportional stratified random sampling method, which is a random sample selection which can be done by first classifying a population into sub-populations. While for data analysis used the IBM SPSS 21 program.

### *Operational Definition*

The organizational culture variable refers to (Robbins & Judge, 2008) which can be measured by seven dimensions which have indicators, namely; 1) innovation in risk taking (innovative and willing to take risks); 2) attention to detail (personal financial separation and detailed financial statements); 3) results orientation (product quality improvement); 4) people orientation (quality of service); 5) team orientation (all members of the organization can support each other); 6) Aggressiveness (business development and target increasing ambition); 7) stability (stability of business choices and not followers).

The business partnership variable referring to Notoatmodjo (2007) can be measured by dimensions that have indicators, namely; 1) cooperation between businesses (active cooperation, professionalism, and increasing the number of purchases); 2) guidance and development obligations (opportunity, implementation and development); 3) mutually reinforcing and mutually beneficial (strengthening and beneficial partnerships, partnering processes, and post-partner actions). All these indicators are measured using a Likert scale.

The motivation variable refers to Prabu (2005) which can be measured by dimensions that have indicators, namely; 1) affiliation needs (self-confidence, socialization, and confidence in product offering); 2) the need for power (dominating the market, the effectiveness of online marketing, and expanding the business); 3) need for achievement (increase in profit, increase in turnover, target

achievement). All these indicators are measured using a Likert scale.

Performance variables referring to Prawirosentono (2009) can be measured by dimensions that have indicators, namely; 1) effectiveness and efficiency (production effectiveness and cost efficiency); 2) authority (standard work procedures and quality control); 3) discipline (deadlines, time discipline, and financial discipline); 4) initiatives (market trends, online sales trends, and product innovations).

### **Discussion and Findings**

Partial hypothesis testing to prove that there is an influence of each variable of organizational culture, business partnership, and motivation on the performance of the UMK Forkom Sleman players, used the t test with the IBM SPSS 21 program with the following results:

Table 1 t-Test					
Model	Unstandardized B	Std Error	Standardized Beta	t	Sig.
1 (Constant)	8.265	2.854		2.896	.005
Organization	.316	.081	.339	3.894	.000
Culture					
Business	.252	.100	.205	2.507	.014
Partnership					
Motivation	.395	.095	.353	4.175	.000

The t-value for the organizational culture variable is 3.894, while the t-table value can be seen from the t-statistical table by looking at df = N (number of variables - 1) or 102-3 = 99 is 1.660. Thus the motivation variable has an effect on the performance of the U6MK actors as evidenced by the value of t count > t table or 3.894 > 1.660, which means that H<sub>0</sub> is rejected and means that H<sub>a</sub> is accepted. It is concluded that the organizational culture variable has a positive effect on the performance of MSEs as members of Forkom UMK Sleman.

The t-value for the business partnership variable is 2.507, while the t-table value can be seen from the t-statistical table by looking at df = N (number of variables - 1) or 102-3 = 99 is 1.660. Thus the business partnership variable has an effect on the performance of MSEs as evidenced by the value of tcount > ttable or 2.507 > 1.660, which means that H<sub>0</sub> is rejected and means that H<sub>a</sub> is accepted. This means that the business partnership variable has a positive effect on the performance of UMK players who are members of the Sleman UMKM Forkom.

The t-count value for the motivation variable is 4.175, while the t-table value can be seen from the t-statistical table by looking at  $df = N$  (number of variables - 1) or  $102-3 = 99$  is 1.660. Thus, the motivation variable has an effect on the performance of MSE actors as evidenced by the value of  $t_{count} > t_{table}$  or  $4.175 > 1.660$ , which means that  $H_0$  is rejected and means that  $H_a$  is accepted. It is concluded that the motivation variable has a positive effect on the performance of UMK players who are members of Forkom UMKM Sleman.

Simultaneous hypothesis testing to prove that there is a simultaneous influence of organizational culture variables, business partnerships, and motivation on the performance of MSEs in the Forkom UMKM Sleman, the F test is used with the IBM SPSS 21 program, the results are as follows:

Table 2  
F-Test

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1312.330	3	437.443	42.288	.000 <sup>b</sup>
	Residual	1013.758	98	10.344		
	Total	2326.088	101			

a. Dependent Variable: Performance

The F-count value for this regression is 42.288 while the F-table value can be seen from the F-table statistic by looking at  $df_1 = \text{number of variables (k)} - 1 = 4-1 = 3$ . Meanwhile,  $df_2 = N - k$  or  $102-3 = 99$  is 2.70. Thus the variables of organizational culture, business partnerships, and motivation for the performance of MSEs are  $F_{count} > F_{table}$  or  $42.288 > 2.70$ , so  $H_0$  is rejected, meaning  $H_a$  is accepted. This means that simultaneously the variables of organizational culture, business partnerships, and motivation have an effect on the performance of MSEs actors.

The results of multiple linear regression analysis provide a conclusion that the variable organizational culture on the performance of micro and small entrepreneurs is  $t_{count} > t_{table}$  or  $3.894 > 1.660$ , which means that  $H_0$  is rejected and means that  $H_a$  is accepted. It is concluded that the variable organizational culture has an effect on entrepreneurial interest, because the regression coefficient value of the positive motivation variable is 0.316, which means that the higher the organizational culture, the performance of MSEs will increase. It is concluded that the variable of organizational culture has a positive effect on the performance of micro and small entrepreneurs in Forkom Sleman. The results of this

study are also supported by research conducted by (Abdillah & Rangkuti, 2019; Putra, 2015; Suryana et al., 2019).

The results of multiple linear regression analysis conclude that the business partnership variable on the performance of micro and small entrepreneurs is  $t_{count} > t_{table}$  or  $2.507 > 1.660$ , which means that  $H_0$  is rejected and means that  $H_a$  is accepted. It can be concluded that the business partnership variable affects the interest in entrepreneurship, because the regression coefficient value of the positive business partnership variable is 0.252 which means that the higher the business partnership, the performance of the micro and small business actors will increase. It is concluded that the business partnership variable has a positive effect on the performance of micro and small business actors in Forkom Sleman. The results of this study are also supported by research conducted by (Qomariah, 2016).

The results of multiple linear regression analysis provide a conclusion that the motivation variable for the performance of MSEs is  $t_{count} > t_{table}$  or  $4.175 > 1.660$ , which means that  $H_0$  is rejected and means that  $H_a$  is accepted. It is concluded that the motivation variable affects the performance of MSEs actors, because the regression coefficient value of the positive motivation variable is 0.226 which means that the higher the motivation, the performance of MSEs players will increase. It is concluded that the motivation variable has a positive effect on the performance of UMK players who are members of Forkom UMKM Sleman. The results of this study are also supported by research conducted by (Mufidah, 2019; Pradana et al., 2016; Qomariah, 2016) however this result is not supported by (Trihudiyatmanto & Purwanto, 2018).

The results of the multiple linear regression analysis show that the conclusion for the variable business partnership and motivation for the performance of MSEs is  $F_{count} > F_{table}$  or  $42.288 > 2.70$  then  $H_0$  is rejected, meaning  $H_a$  is accepted. So, it can be concluded that the value of  $p$  and the value of  $\alpha = 0.05$ , it can be seen that the significance value is  $p(0,000) > \alpha = 0.05$ , which means that simultaneously the variables of organizational culture, business partnerships, and motivation have an effect on the performance of MSEs in Sleman. This research is supported by previous research conducted by (Helmawati et al., 2017).

## Conclusion

This research is aimed to find out the influence of organizational behavior, business partnerships and motivation on the performance of micro and small businesses in Sleman Regency. Based on this discussion, it can be concluded as follows; a) There is a positive and significant influence of organizational culture on the performance of micro and small entrepreneurs; b) There is a positive and significant influence of business partnership variables on the performance of micro and small entrepreneurs; c) There is a positive and significant influence of motivation variables on the performance of micro and small entrepreneurs; and d) Simultaneously, organizational culture, business partnerships and motivation have a positive effect on the performance of micro and small entrepreneurs. The scope or research variable only examining three factors on affecting SMEs's performance. Therefor the further study may observe different variable.

The findings show implication each variable toward performance. For social impact, this study shows how good culture could bring benefit for organization especially communication among personal. The owner of SME should give motivation for all personel including as the owner they should keep motivated to improving business performance. At last, even if the scale of SME tend to small but doesn't mean they limit their relation. External parties could bring benefit for SME which mean business cooperation is crucial. This research suggests that SMEs especially for them who has similarity on their sectors may focusing on this factors.

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