

## The Impact of Organizational Culture, Business Management, and Motivation on the Performance of MSMEs in the Culinary Sector in Pekanbaru City During the Covid-19 Period

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### Abstract

The reason for this study is to find out how business the board, hierarchical culture, and inspiration impacted the exhibition of Miniature, Little, and Medium-Sized Endeavors (MSME) in Pekanbaru City's culinary area during the Coronavirus flare-up. The population of this study is made up of 209 Micro, Small, and Medium-Sized Businesses located in the city of Pekanbaru.68 These Micro, Small, and Medium-Sized Businesses were chosen as the sample for this study by applying the Slovin formula. Primary data were gathered through the use of a questionnaire to support the findings of the study. The analytical methods used are descriptive analysis, multiple linear regression analysis, and the classical assumption test. We tested the hypothesis and evaluated the instrument's quality by employing the F test (simultaneous test), the t test (partial test), and the analysis of the coefficient of determination (R Square) in SPSS (Statistical Program Society Science) version 25 for Windows. The results showed that the business management variable had a positive and significant impact on the performance of Micro, Small, and Medium-Sized Businesses, that the organizational culture variable had a positive and significant impact on the performance of Micro, Small, and Medium-Sized Businesses, that the motivation variable had a positive and significant impact on the performance of Micro, Small, and Medium-Sized Businesses, and that the business management variables, organizational culture, and motivation had a positive and significant impact simultaneously on the performance of Micro, Small, and Medium Businesses that are Micro, Small, and Medium-Sized Enterprises (MSMEs) must acquire business capital by acquiring additional partners in order to expand.

**Keywords:** Micro, Small and Medium-Sized Businesses Performance, Management, and Organizational Culture



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### INTRODUCTION

Conforming to Sulastri (2016), the mission of micro, small, and medium sized businesses (MSMEs) in Indonesia is to provide business and employment opportunities, increase people's income, obtain state foreign exchange, and strengthen the national business structure—all of which contribute to accelerating economic growth. Indonesia's progress in the economy relies heavily on micro, small, and medium sized businesses (MSMEs). In addition to making a contribution to labor utilization. Furthermore, it has been demonstrated that MSMEs are immune from the crisis. The MSME sector was the only one to survive the 1997-1998 economic crisis, while the larger sectors were actually forced to relocate. The economic sector actors' positions have changed as a result of this crisis. The cost of debt installments increased as a result of the declining and fluctuating rate of exchange for the rupiah against the US currency and large businesses went bankrupt one by one as a result of the significant increase in imported raw materials. The financial sector's demise also exacerbated the industrial sector's lack of capital. Due to high interest rates, numerous

businesses are no longer able to operate. contrasted with MSMEs, which continue to make up the majority even has a propensity to grow (Department of Cooperatives, 2008).

It was demonstrated that MSMEs were present as a solution to a healthy economic system during the global crisis of several years ago. One of the industrial sectors that is marginally, if at all, impacted by the global crisis is MSMEs. According to the Ministry of Cooperatives (2008), it is abundantly clear that MSMEs can be taken into consideration for the purpose of enhancing market competitiveness and stabilizing the existing economic system. The primary reasons for MSMEs' survival and tendency to expand during the crisis are as follows: The majority of MSMEs produce goods and services for the consumer market with a low demand-to-income elasticity. Second;The majority of MSMEs do not obtain capital from banks but rather use their own capital. The implication is that MSMEs were unaffected by the banking sector's decline and rising interest rates during the crisis. Third;as a result of the prolonged economic crisis, many employees in the formal sector were laid off so that people without jobs can run small businesses and enter the informal sector. MSMEs have increased in number as a result (Alyza, 2019). Because they can grow and consistently improve welfare, the existence of Micro, Small, and Medium-Sized Enterprises (MSMEs) is one of the main pillars of the national economy. However, several nations, including Indonesia, will face challenges in 2020. At the end of January 2020, COVID-19 devastated Wuhan, China, and has since spread worldwide through February. Significantly, the COVID-19 pandemic has affected a number of sectors, particularly the economic sector. MSMEs are one of them. Because it is the largest contributor to employment, enhancing people's well-being, and enabling the Indonesian economy to develop and remain consistent, the MSME sector really needs the government's special attention in a crisis like this (Darmanto, 2016).

In Indonesia, the sustainability of MSMEs (small, medium, and microbusinesses) has been significantly affected by the COVID-19 pandemic. Given that MSMEs are the driving the largest employer of labor in recent decades and a major player in the domestic economy, the economic crisis that MSMEs are going through has also evolved into a significant threat to the national economy. According to the findings of the survey, 94.69% of businesses experienced a decrease in sales during the pandemic.47.44% of offline/physical sales businesses, 40.17% of online sales businesses, and 39.41% of businesses with both offline and online sales methods experienced a sales decline of more than 75% based on the sales method (Cahyono et al.,2020). The Central Statistics Agency (BPS) of Riau Province reports that the province's economy expanded by 2.24 percent year-over-year in the first quarter of 2020 as a result of COVID-19. 2.89 percent lower than the same quarter in 2019.Pekanbaru City is one of the other cities and regions affected by this. During the COVID-19 pandemic, many businesses laid off employees due to the decline in people's purchasing power. a large number of employees. This layoff has resulted in the development of Micro Business units. Small and Medium Enterprises (MSMEs) and Small and Medium Enterprises (SMEs) are relatively new to the community and present new opportunities for individuals to shift their focus to the production of straightforward goods that can be sold to satisfy their day-to-day requirements. The Central Bureau of Statistics found that there were 42.3 million small and medium-sized enterprises (SMEs), or 99.90% of all business units. SMEs (Small and Medium Enterprises) employed 79 million people, or 99.40% of the workforce.56.70% of GDP is made up of businesses of a medium size and smaller (SMEs).Then, through exports, SMEs contributed Rp 75.80 trillion, or 19.90% of the total value of exports, to the country's foreign exchange earnings. This industry has supported the majority of the Indonesian economy up until this point. At the very least, the sector of micro, small, and medium enterprises is able to accommodate approximately 70% of informal workers.

The remaining 30% work in the formal industry. Additionally, MSMEs have contributed up to 16% of export goods. This sector of businesses of a micro, small, or medium size requires support and empowerment. because it drives both the people's economy and the growth of the economy as a whole. MSMEs have absorbed as many as 42.4 million business units and 79 million workers, accounting for 56.7% of the national GDP in 2003. When compared to other cities or regions in Riau Province, the number of MSME actors in Pekanbaru ranks first. When compared to other cities or regions in Riau Province, Pekanbaru has the highest concentration of MSME actors. As can be seen in table 1 below, Pekanbaru is home to 68,728 SMEs.

**Table 1. The total number of Micro, Small, and Medium-Sized Businesses (MSMEs) Riau Province**

No	County/City	Amount
1	Pekanbaru	68,728
2	Kampar	45,446
3	Indragiri Hilir	44,891
4	Bengkalis	42,029
5	Rokan Hilir	34,036
6	Rokan Hulu	27,074
7	Indragiri Hulu	26,488
8	Siak	22,948
9	Kuansing	21,450
10	Dumai	20,782
11	Pelalawan	13,824

Source: Department of Cooperatives. Small and Medium Enterprises in Pekanbaru City, 2020

According to the findings of a survey of twenty people conducted by a number of organizations, including BPS, Bappenas, and the World Bank, this pandemic has made it difficult for numerous small, medium, and micro sized enterprises (MSMEs) to pay their loans as well as their salaries for employees, gas, and electricity. Some even had to be laid off. MSMEs also face difficulties obtaining raw materials, capital, declining customers, and restrictions on distribution and production. Apart from that. Due to restrictions on activity, business actors must also anticipate changes in consumer behavior and the Business Competition Map. Digital technology lets customers do more things at home. Operating profits have decreased significantly due to the COVID-19 pandemic because production costs have remained constant or even increased while sales have decreased. The cost of raw materials for businesses has gone up as a result of the pandemic, transportation, labor and any additional costs.

Marpoyan Damai, Payung Sekaki, Tenayan Raya, Rumbai, Coastal Rumbai, Sail, Handsome, Senapelan, Sukajadi, Bukitraya, Limapuluh, and Pekanbaru City are the 12 sub-districts that make up Pekanbaru City. Agribusiness, education, and automobiles are among others. Culinary business units, which are regarded as having the fastest business capital turnover, have begun to appear in Pekanbaru City, one of the largest cities in Riau Province. It is evident by the large number of businesspeople who have opened cafes and other culinary establishments during this pandemic street vendors to individuals who use social media and the internet. The term "The term "micro, small, and medium enterprises," also known as "MSME," is used to describe the group of small businesses that have a maximum net worth of Rp. 200,000,000, excluding the business's location's buildings and land. Additionally, a separate business. No, according to the President of the Republic of Indonesia's Decree Small Business is defined as: According to Sulastrri (2016), To prevent unfair business competition, small-scale people's economic activities with business fields, the majority of which are small business activities, must be protected.

MSMEs' internal environments necessitate business management. so that MSMEs actually have a strategy for running their businesses that is measurable and well-planned. One way to ensure that a company achieves its anticipated objectives is through effective business management. This typically includes material production and financial management, managing assets, goods or raw material inventories, and marketing strategies (Hidayati, 2018). According to Mudjiarto's (2014) research on business management, partners' educational levels are affected differently by performance. The partner's level of education correlates with their business performance. In the elementary-to-junior high school group, business performance has an average value of 4.34; a school grade of 4.47; 4.87 on the diploma and 4.89 on the undergraduate level. The average impact of business performance on business experience varies. The more time a partner has been in business, the better their business does. The group of business professionals with less than two years of experience achieves an average business performance of 3.87; on 4.54 years of business experience between two and five; based on 4.73 years of business experience between 5 and 8 and the average number of years' experience in business is 5.02. The regression test reveals that the partner's business performance benefits from the variable. in the form of a positive training value (X1), a positive business experience (X2), and a positive partner's education (X3), all of which combine to form an equation model. regression  $Y = 0.866 \text{ plus } 0.759 X1 \text{ plus } 0.212 \text{ plus } 0.266 X2$ .

MSME performance is also influenced by the MSME organization's culture, which is a particular pattern owned by members and employees. This starts with the attitude or behavior. norm. values. to presumptions regarding how individuals are integrated into their work (Agustin, 2020). Piantara et al. conducted research on organizational culture in 2021, and the results showed that there was a very low correlation between organizational culture and a positive value for work motivation, as well as a very low correlation between motivation and the environment of the workplace and a positive value for work motivation. The value of the relationship between the workplace culture of an organization and its culture is positive. The results of the analysis indicated that the Karawang Regency Cooperatives and SMEs Service Partners' 2019 performance was positively impacted by organizational culture, motivation, and the work environment by 39.63 percent, while other factors had an impact of 60.37 percent. Organizational culture has a 20.42 percent direct impact on performance, followed by the work environment's 13.14 percent impact and motivation's 6.08 percent impact.

Running MSMEs requires motivation that is related to the company's success or goals. A driving factor in running a business is motivation. arouse and motivate individuals or groups to pursue entrepreneurial endeavors independently, with self-assurance, a focus on the future, a willingness to try new things, creativity, and a high value placed on the requirement for novel concepts (Kadji, 2012). Wardana (2021) conducted research on motivation and discovered that motivational variables influence performance of employees. The results of the t test indicated that the t count value was 2,323, with a significance level of 0.032 0.05. The work ability variable influences employee performance. The t-test yielded a t-count value of 3.326, with a significance level of 0.004 0.05. Additionally, the study of Adila Snack employees at UMKM in Jambi City demonstrates that motivation and work ability have an impact on employee performance. The significance level is 48,021, and the calculated f value level of 0.000 0.00, based on the f test results.

A manager must also be motivated at work. in order to get the best possible results. One of the most crucial aspects of any business or organization is employee motivation at work. As a result, every employee must be responsible for their own motivation. If an employee is motivated at work, he or she will finish each job as well as possible and use all of their

skills. However, an organization or company will suffer from low or inadequate motivation at work, with low work-related motivation. Additionally, there will be a delay in achieving company or organizational goals. According to the findings of a pre-survey that was carried out on MSMEs, or micro, small, and medium-sized businesses, in Pekanbaru City, it was discovered that the performance of MSMEs had not yet met the target; consequently, it was necessary to increase it in light of the fact that the annual economic growth target was increasing, but MSMEs' quality was not increasing. In order for current management to function effectively and efficiently in the management of every business, business management in MSMEs must be taken into consideration. The MSMEs' organizational culture is positive, but still needs to be taken into consideration so that the MSME company's organization can expand and be well-maintained, efficient and effective. The motivation of MSMEs must then be taken into consideration following the table's analysis of the conditions. The need for MSMEs to be strongly motivated in order for their business to continue expanding by providing novel product selling concepts and innovation. Products made by MSMEs can compete with those made in other countries if they already have a lot of drive.

It is clear from the pre-survey results and information from the Pekanbaru City Cooperative & MSME Service that there are a lot of MSME actors in Pekanbaru City. MSMEs in Pekanbaru City are affected by the COVID-19 pandemic, but there are a number of reasons why they can survive and tend to grow in number. First, the majority of MSMEs produce goods or services for the general public in response to demand. Second, the majority of MSMEs do not rely on bank loans for their capital. Third, during the pandemic, many businesses laid off employees, transforming many into MSME business actors. The researcher is interested in conducting a study titled "The Influence of Business Management, Organizational Culture, and Motivation on MSME Performance in the Culinary Sector in Pekanbaru City During the COVID-19 Period" based on the above description of the background.

## **RESEARCH METHODS**

Primary data, which was obtained directly from respondents or the general public who became the subject of this study through the distribution of questionnaires, and secondary data, which was obtained from books, are the two types and sources of data in this study. Television articles, online articles, journals, newspapers, and a plethora of other sources are additional sources of data. Through observation, interviews, and a questionnaire (or questionnaires), data are gathered. Multiple regression analysis, descriptive analysis, classical assumption tests (the Normality Test, Multicollinearity Test, and Heteroscedasticity Test), data quality tests (the Validity Test and the Reliability Test), and hypothesis testing (the Simultaneous Significance Test) were used to analyze the data in this study. F), a t-test, a partial test, and the coefficient of determination.

## **RESEARCH RESULTS AND DISCUSSION**

### **The Effect of Business Management on MSME Performance**

The goal of business management is to ensure that an organization's goals have always been achieved in an efficient and effective manner. As per Astuti and Murwatiningsih (2016), business the board can zero in on the exhibition of an association, division, representative, or even the most common way of creating an item or administration. Hidayati's (2018) finding that business management and MSME performance are closely linked is supported by this study. The improvement of efficient business management will have an impact on the performance of SMEs. The organization's, a department's, or an employee's performance can be the focus of business management. It includes, among other things, activities that

guarantee that objectives are consistently met in an effective and efficient manner or even a method for producing a product or service. A strategic and integrated process that boosts an organization's success by enhancing the performance of its human resources is what performance management is, according to its definition. In business management, HR capabilities as individual contributors and team members are developed through a joint process based more on agreement than instructions (Participatory Management).

### **The Influence of Organizational Culture on MSME Performance**

An invisible social force known as organizational culture can motivate employees to participate in work-related activities. Organizational culture, according to Mia (2020), is a system of values, beliefs, and norms that run throughout an organization. Organizational culture is seen as providing some insight into the "intangible" nature of organizations and their behavior, providing a people-centered theoretical perspective on change management: an approach that differs from the traditional management perspective of organizations, which places an emphasis on formal structures, procedures, and sound reasoning. An invisible social force known as organizational culture can motivate employees to participate in work-related activities. Organizational culture, according to Mia (2020), is a system of values, beliefs, and norms that run throughout an organization. Hierarchical culture offers a group-focused hypothetical perspective on executive change, which is interpreted as providing some insight into the "immaterial" nature of associations and their behavior: an approach that is distinct from the conventional organization management perspective, which places an emphasis on formal structures, procedures, and sound reasoning.

### **The Effect of Motivation on MSME Performance**

Kasri (2020) defines motivation as the supply of a motivating force that inspires enthusiasm for one's work. People are more likely to work together, work more effectively, and integrate their efforts to achieve fulfillment as a result. In the meantime, Kadji (2012) asserts that a person will be motivated if his three needs—the need for achievement, the need for affiliation, and the need for power—are met. In order to significantly improve employee performance in the performance of their work, organizations require high levels of motivation. The increased motivation in the workplace will lead to an increase in employee performance. Surya & Wijaya's 2020 study, which found that work motivation was the most important factor in explaining employee performance variables, is consistent with this study. This is also supported by research from Wardana, 2021, which demonstrates that employees perform better when they are motivated and skilled, and the reverse is also true.

### **The Influence of Business Management, Organizational Culture and Motivation on MSME Performance**

The fourth speculation, "Supposedly Business The board, Hierarchical Culture, and Inspiration all the while altogether affect MSME Execution in the Culinary Area," is acknowledged based on the importance information from the F (synchronous) test. because the F table value was 3.758 F count and the significance level was 0.015 0.05. Consequently, business management, motivation, and organizational culture all have an impact on MSMEs' performance simultaneously. Piantara et al. state: Organizational culture and work motivation have a very low level of correlation and the value is positive, according to's (2021) research on the Influence of Organizational Culture, Motivation, and Work Environment on the Performance of Cooperatives and SME Service Partners; inspiration and the workplace have an extremely low degree of connection and the worth is positive; and there is a positive

correlation between the workplace culture and organizational culture. The findings of this study are supported by these results.

## **CONCLUSION**

The SMEs' performance is impacted by business management variables. This indicates that business management has a significant impact on the performance of MSMEs because it includes activities that guarantee that goals are consistently achieved in an effective and efficient manner. Variables in the organizational culture have an impact on SMEs' performance. This is because organizational culture plays a significant role in achieving organizational goals and can improve SMEs' performance. The motivation variable has an effect on SMEs' performance. This is because getting more motivated will make it much easier for them to do their jobs better. Therefore, organizations need to be highly motivated in order to improve the performance of SMEs.

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