

DEVELOPMENT OF ORGANIZATIONAL CULTURE IN IMPROVING THE PERFORMANCE OF VILLAGE- OWNED ENTERPRISES IN GORONTALO REGENCY, INDONESIA

by Rusli Isa

Submission date: 07-Mar-2022 04:33AM (UTC+0000)

Submission ID: 1778188857

File name: Manuscript_Rusli_Isa_FINAL.docx (171.46K)

Word count: 5436

Character count: 32513

DEVELOPMENT OF ORGANIZATIONAL CULTURE IN IMPROVING THE PERFORMANCE OF VILLAGE-OWNED ENTERPRISES IN GORONTALO REGENCY, INDONESIA

Rusli Isa¹, Asna Aneta², Rosman Ilato³, dan Yanti Aneta⁴

Abstract

This research aims to determine the effect of organizational culture in improving the performance of Village-Owned Enterprises (VOEs) in Gorontalo Regency, Indonesia. Data were quantitatively collected from 114 VOE managers and analyzed using the Structural Equation Modeling (SEM) analysis tools processed with Smart PLS. The results showed that organizational culture has a positive effect of 34.3% at a significance level (α) of 0.05 on VOEs performance with a $t_{\text{statistic}}$ of 4.686, which is greater than the t_{table} of 1.659. This implies that organizational culture has a fairly large tendency in shaping VOEs performance due to its ability to adapt to changes in the organizational environment, specifically internal adaptability. The organizational culture built in the environment needs to be maintained and enhanced by internalizing cultural values through external adaptability in the form of administration, law, politics, and economics, which will improve VOEs performance.

Keywords: Organizational Culture Development, Performance Improvement, VOEs

¹ Rusli Isa, Doctoral student in Public Administration, Postgraduate Program, Gorontalo State University and works as a Lecturer at the Faculty of Social Sciences, Gorontalo State University.

² Prof. Dr. Asna Aneta, M.Si, Head of the promoter team as well as Director of the Postgraduate Program and works as a Lecturer at the Faculty of Social Sciences, Gorontalo State University.

³ Dr. Rosman Ilato, M.Pd., Co-promoter 1 and works as a Lecturer at the Faculty of Social Sciences, Gorontalo State University.

⁴ Dr. Yanti Aneta, S.Pd., M.Sc., Co-promoter 2 and Head of the Doctoral Program in Public Administration and works as a Lecturer at the Faculty of Social Sciences, Gorontalo State University.

1. INTRODUCTION

The existing potential of a Village-Owned Enterprise (VOEs) in the community has a significant impact on economic life, specifically in increasing income and welfare. Pettigrew (2009) stated that organizational culture is a system of meanings collectively accepted at certain times and from specific groups. With organizational culture, people will also work according to an organization's predetermined rules and goals. This is because its adequate understanding by employees will support the achievement of organizational goals.

According to preliminary research, a strong and positive organizational culture significantly influences the behavior and effectiveness of company performance (Deal & Kenedy 1982; Miner 1990; Robbins 1990). An organization that adheres to a strong organizational culture

will affect employee work behavior and the effectiveness of improving organizational performance. This is in line with Susanto (2006) stating that ⁷ to create effective and efficient employee performance for organizational advancement. Furthermore, it is necessary to have an organizational culture as one of the work guidelines that can be a reference for employees to carry out organizational activities. Pratama (2015) stated that companies and organizations with superior performance always place organizational culture as one of the most important aspects needed for growth by taking advantage of its strength to support its aggressive strategy.

Based on the three perspectives' description, organizational performance can be achieved by creating employee performance through organizational culture. This is because organizations with superior performance always provide organizational culture and strategies to support performance achievement. VOEs is imperative for developing strong and positive organizational cultural values to achieve superior performance. Therefore, this research aims to develop an organizational culture to improve VOEs performance in Gorontalo Regency, Indonesia.

2. LITERATURE REVIEW

2.1 Definition of Culture

Several experts have provided varying perspectives on the definition of culture, although they have the same meaning. Hofstede (1980) and Yusof et al. (2012) stated that "organizational culture is the core values, norms, behaviors, and artifacts shared by individuals within an organization." Organizational culture distinguishes ²³ members of a human group from others, including its systems and values. Meanwhile, Luthans (2006) stated that culture can be defined as knowledge acquired to interpret experience and produce social behavior. It is also an important social process that helps humans communicate with others in society. These two perspectives indicate that culture can be used to distinguish one organization from another through shared values, norms, behavior, and knowledge that leads to members' social behavior.

According to Benedict (2009), "Culture.... consists of the associated behavior and the products of human action that can be inherited, from one generation to another independent of the biological genes." Benedict further stated that culture is a pattern related to the ancestral behavior and results of human actions with no biological relationships. This perspective shows that culture is a framework of thought and behavior, while knowledge from the results of human actions is believed and agreed upon in accordance with the values and goals of forming a group's view of

life. Culture is also a pattern related to behavior that goes from one generation to another without family inheritance bound by kinship.

Haviland (2013) stated that "culture is a set of rules and norms that community members share and when implemented, it will create appropriate and acceptable behavior." Furthermore, Kluckhohn (1951) and Habisch & Zhu (2017) stated that culture is a shared value, norm, and expected behavior. According to Barnouw (1979) and Mueller and Thomas (2000), culture is programmed into individuals, leading to behavioral patterns consistent with the cultural context over time. Therefore, from the three preliminary perspectives, a culture can be defined as a set of rules that form a cognitive schema comprising of meaning and values for motivational variables and leads to choices, commitments, and behavioral standards. This means that the culture formed in each individual can be used as a standard of values and behavior patterns consistent and maintained in organizational life.

Several perspectives that describe the concept of culture in principle emphasize cultural values reflected in individual behavior and attitudes individually and in groups. Therefore, culture can be defined as a value system characteristic of a particular group or society formed from character development and individual motivation in behavior not found in other groups or societies.

2.2 Organizational Culture Concept

The concept of organizational culture is interpreted differently by experts. Gibson et al. (2012) stated that it is associated with employees' perception by creating belief patterns, values, and expectations. Meanwhile, Sutrisno (2013) stated that organizational culture is an invisible social force capable of moving people into an organization to carry out work activities according to the applicable culture. Based on these two perspectives, it can be understood that organizational culture creates values and expectations that can move people to perform their various activities.

Mondy & Noe (1996) stated that organizational culture is a system of shared values, beliefs, and habits, which interacts with its formal structure to create behavioral norms. It also includes the values and standards that guide the behavior of organizational actors and determine the direction of the organization. According to Davis (1984), organizational culture is a pattern of beliefs and values that are understood, inspired, and practiced by members, hence, the pattern gives its meaning and becomes the basis for the rules of behavior in the organization. This perspective indicates that organizational culture is the driving force of people in an organization. This is

because its understanding by people or employees will support the achievement of organizational goals.

Denison (1990) stated that high-performing organizations have a strong and adaptive culture with internal and external focus. Furthermore, Martin (1992), Anthony & Govindarajan (1998), Hofstede (1991), Wilhelm (1992), Mondy & Noe (1996), Kreitner & Kinicki (1995), and Luthans (1998) provided empirical results stating that organizational culture has a close correlation with its overall performance. Kotter and Heskett (1992) stated that organizational culture has numerous strengths and is capable of improving organizational performance in the long term. These survey results conclude that there are four main roles of organizational culture. The first is to have a significant effect on the company's economic performance. The second is to be a more decisive factor in determining the success or failure of the company in the next decade. The third is to promote increased economic performance in the long term, assuming the company consists of decent and smart people, and the fourth is to improve company performance. Based on these descriptions, it can be understood that organizational culture strongly affects performance.

Denison (1990) on 34 companies found four dimensions of organizational culture that affect its effectiveness, namely involvement, consistency, adaptability, and mission. Organizational structure has "**Highly Involvement**" characteristics in promoting employees' sense of belonging, creativity, and responsibility. This is carried out informally, implicitly, explicitly, and through the bureaucracy. **Consistency** is the main source of integration, coordination, and control. Therefore, the company will also be more effective assuming the organizational culture is consistent, well-coordinated, and more integrated. **Adaptability** enables the organization to hold norms and beliefs that support the company's capacity to receive, interpret, and translate signs from the environment into changes in internal behavior. **Mission**, the company successfully has clear directions and goals in defining its goals through a strategic plan that expresses the vision of how the company will be in the future. For research purposes, the four dimensions of organizational culture from Denison (1990) serve as the basis for analyzing their effect on organizational performance. This concept is more operational and relevant in capturing research data related to organizational culture and improving VOs performance. This perspective is motivated by the concept stated by Deal and Kenedy (1982), Miner (1990), and Robbins (1990) that a strong and positive culture greatly influences the behavior and effectiveness of company performance.

2.3 Organizational Performance¹²

Performance is the result of quality and quantity work achieved by employees in carrying out their job functions in accordance with their assigned responsibilities. It relates to several understandings, including definition, appraisal, and indicators. This is in line with Mangkunegara (2011) stating that the term performance comes from the word job or actual performance. According to Mahsun (2006), performance is a description of the achievement level of implementing an activity, program, or policy in realizing the organization's goals, objectives, mission, and vision contained in the strategic planning. Based on the description, it can be understood that performance is the achievement of the work conducted.

Bateman and Heather et al. (2003) stated that performance is the way someone or something carries out some activities according to the measured set objectives. The above definition implies that, in principle, performance is an assessment of a person's work achievement based on predetermined targets. Meanwhile, Winarno and Ismaya (2003) reported that performance is a general term used to describe the actions or activities of an organization during a certain period along with references to all standards, such as past or projected costs, efficiency basis, management accountability, etc. Therefore, based on these two definitions, performance is related to the way a person conducts work, which is assessed to determine its effectiveness.

Swanson (2007) stated that performance is not a system of design, ability, motivation, or expertise but is a similar taxonomy. Furthermore, it is sometimes identified as the mission, objectives, and strategy needed to achieve the production values of a system in the form of goods or services. The fulfillment of these commodities is usually measured in terms of quantity, time, and production quality. Meanwhile, Wood et al. (2001) stated that performance is a concise measurement in quantity and quality for the contribution of the work carried out by individuals, groups, and organizations.

Prieto and Revilla (2006) stated that performance measurement can be carried out in an organization through financial and non-financial strategies. Financial performance can be measured through return on sales, profitability, sales growth, as well as improvement in work productivity and production costs. Meanwhile, non-financial performance can be identified through customer satisfaction, customer growth, employee satisfaction, product and service quality, as well as company reputation. This is in line with Venkatraman and Ramunajan (1986) which stated that organizational performance is an indicator that can measure how well a company

achieves its own goals. Based on the various opinions above, performance is a condition required to determine an organization's operational results in a certain period, which is measured by a comparison of various sizes or standards specified in the previous plan.

2.4 Performance appraisal

Performance appraisal is very important because it can be used as a measure of the success of an organization in achieving its mission. It can be used to measure the achievement or success level of individuals or groups in organizations. A good and professional performance appraisal can increase employee loyalty and motivation, hence, organizational goals can also be achieved. This is in line with Hasibuan (2012), which stated that performance appraisal is a manager's activity to evaluate employee performance behavior and determine further policies. Behavioral evaluation or appraisal includes an assessment of employee loyalty, honesty, leadership, cooperation, dedication, and participation. Employee performance appraisal is useful for the organization and workers. Furthermore, Andrew Sikula (2011) stated that performance appraisal is a systematic evaluation of employee work and the possible developed potential. This is because its purpose is to improve the performance of the organization's human resources.

Performance appraisal is very important because it allows the organization to determine its effectiveness in improving, placing, and motivating employees. It is also useful for the organization to determine further policy actions, and one of the key factors responsible for is efficient and effective development. In principle, performance appraisal is a way of measuring individual contributions made to the organization to determine the success or achievement of individual work results in an organization. It is a way of assessing whether the work carried out is successful according to a predetermined plan. This is in line with Dwiyanto (2017), stating that "performance appraisal is very important because it can be used as a measure of the success of an organization in achieving its mission."

Concerning performance appraisal, Kumorotomo (1996) stated that some of the criteria used to assess organizational performance include efficiency, effectiveness, fairness, and responsiveness. 1) **Efficiency** is associated with considerations on the success of public service organizations in obtaining profits, utilizing production factors, and considerations derived from economic rationality. When applied objectively, liquidity, solvency, and profitability criteria are very relevant. 2) **Effectiveness** is the process of questioning whether the purpose of establishing the organization can be achieved. This is closely related to technical rationality, values, mission,

organizational goals, and the function of development agents. **3) Fairness** is the act of questioning the distribution and allocation of services organized by public service organizations. This criterion is closely related to the concept of adequacy or appropriateness, questioning whether a certain level of effectiveness, needs, and values in society can be fulfilled. Furthermore, it is related to issues on equitable development, services to marginalized groups, etc. **4) Responsiveness** indicates that government-owned business organizations should be part of the responsibility of the state or government to the vital needs of society. Therefore, the overall performance of the business organization needs to be accountable and transparent in order to fulfill this responsiveness criterion.

Based on the perspectives above, it can be underlined that performance appraisal is essentially intended as an effort to improve the organization's internal management. This is in accordance with the theory developed by Kumorotomo (1996), which consists of four more operational dimensions and is relevant in measuring the performance of profit organizations oriented towards improving VOEs performance.

2.5 The Effect of Organizational Culture on Performance

According to preliminary research, the effect of organizational culture on performance is greatly influenced by a strong and positive culture (Deal & Kenedy 1982; Miner 1990; Robbins 1990). Miller (1984) also stated that "several points of primary value existing in a company leads to positive organizational culture with effectiveness, innovation, loyalty, and productivity."

Kotler and Heskett (1992) tested the theory's truth linking organizational culture with performance. The analysis shows that organizational culture can have a significant impact on long-term economic performance, and it is a more important factor in determining the success or failure of a company. Furthermore, organizational culture often hinders long-term economic performance irrespective of its large number of efficient workers. Although the organizational culture is difficult to change, it can be made in such a way to further improve the company's performance.

Asree et al. (2010) analyzed the effect of leadership competence, organizational culture, and responsiveness on company performance. The findings showed that leadership competence and organizational culture have a positive relationship with responsiveness, which in turn is positively related to hotel income. This implies that these factors are important for hotels to be responsive to their customers, increasing their income. Therefore, based on the description above, the perspectives of experts and research results provide evidence that organizational culture affects

performance. Therefore, to obtain data, the hypothesis in this research is "Organizational culture has a positive effect on VOEs performance in Gorontalo Regency."

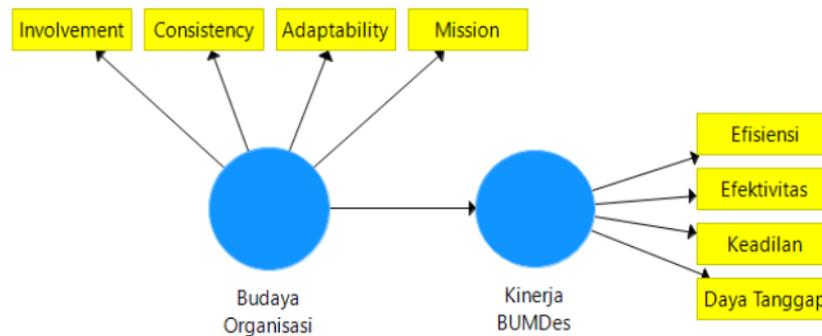
39

3. Research Methods

3.1 Research Design

This research was conducted on 191 VOEs located in Gorontalo Regency with 573 managers. It is interesting because, since 2018, the development of each VOEs has varied with 97, 66, 22, and 6 in the basic growing, developing, and advanced category, respectively. The population used includes all managers of VOEs, culminating in 573 people. The sample is set at 4 sub-districts, with sampling carried out based on area probability sampling technique comprising a total of 114 people.

The ex post facto method was carried out to examine events and determine the possible causes. The causes of changes in the entrepreneurial culture variable and its effect on the organizational performance of VOEs were also determined. Figure 3.1 shows the research framework.



40

Figure 3.1: Research Design

3.2 Operational Definition of Research Variables

The collected data will be analyzed using Partial Least Square (SmartPLS version 3) with the operational definition systematically shown in Table 3.1:

26

Table 3.1 Operational Definition of Research Variables

No.	Variable	Operational Definition	Dimension	Indicator
1.	Organizational Culture	"High-performing"	Involvement	1. Empowerment 2. The division of tasks

	(X)	organizations have a strong and adaptive culture with internal and external focus. The internal focus is characterized by involvement and consistency, while the external is the ability to adapt to the environment and a clear mission.” Denison		<ol style="list-style-type: none"> 3. Teamwork 4. The existence of standard operating procedures 5. Promoting members to excel
			Consistency	<ol style="list-style-type: none"> 1. The existence of an agreement to achieve organizational goals 2. Member support for the agreement of organizational goals 3. Job integration 4. Concern of members concerning organization goals 5. Coordination between organizational units in achieving goals
			Adaptability	<ol style="list-style-type: none"> 1. Creating change 2. Oriented to community/customer needs 3. Enhancing the service system 4. Learning from past mistakes. 5. Service quality improvement
			Mission	<ol style="list-style-type: none"> 1. Clear goals and objectives 2. Directed communication between organizational units 3. Strategy used 4. Members' insight into the organization's mission and goals 5. Members focus on the organization's mission and goals
2.	Organizational Performance of VOEs (Y)	In government-owned profit organizations, the criteria used as guidelines in assessing organizational performance are 1) efficiency, 2) effectiveness, 3) fairness, and 4) responsiveness. Kumorotomo (1996)	Efficiency	<ol style="list-style-type: none"> 1. Community empowerment 2. Utilization of village potential 3. Inclusion of village funds 4. Increase in people's income 5. Increase in original village income (PADes)
			Effectiveness	<ol style="list-style-type: none"> 1. Productivity 2. Ability to adapt 3. Job satisfaction 4. Profitability 5. Search and use of funding sources
			Fairness	<ol style="list-style-type: none"> 1. Fulfillment of basic needs 2. Fulfillment of production facility needs 3. Availability of business capital loan facilities 4. Provision of services regardless of social status 5. Equitable distribution of services between community groups
			Responsiveness	<ol style="list-style-type: none"> 1. Aligning business with community needs

				2. Ability to provide community needs 3. Ability to respond to community requests 4. Ability to arrange service priority agenda 5. Ability to develop service programs
--	--	--	--	---

The operational definition of these variables is the basis for developing a questionnaire instrument with 40 question items for both variables measured based on a 5-point Likert scale from 1 (strongly disagree) to 5 (strongly agree). Each variable consists of 5 items.

3.3 Interpretation and Hypothesis Test

The basis for interpretation of the average value used in this research is in accordance with the score used by Steven Jr. (2004), as shown in Table 3.2:

Table 3.2: Basis for Interpretation of Item Scores in Research Variables

No.	Score	Interpretation
1.	1 - 1,8	Bad/not important
2.	1,8 - 2,6	Less
3.	2,6 - 3,4	Enough
4.	3,4 - 4,2	Good/important
5.	4,2 - 5,0	Very good/very important

Source: Modification of Steven, Jr (2004)

The hypothesis design is presented based on the formulation of the research objectives at a 95% confidence level. Therefore, the formulation of the hypothesis test is as follows:

H₀: Organizational culture does not affect VOEs performance

H_a: Organizational culture affects VOEs performance

4. Results and Discussion

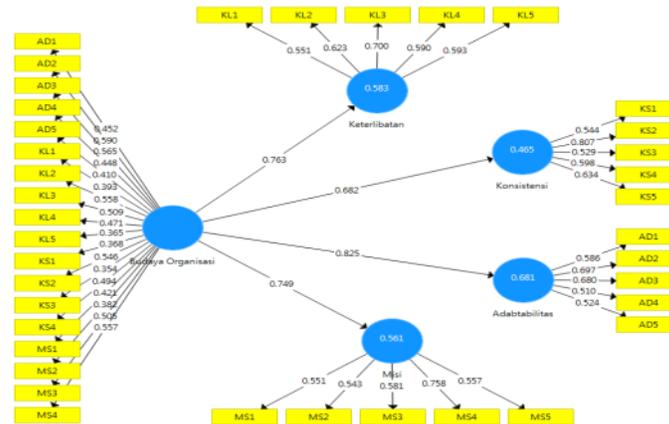
4.1 Data Analysis

Research testing starts with evaluating the feasibility of the measurement of an outer model to determine the validity and reliability of each construct on the latent variable. The feasibility of the construct is analyzed using two measurement criteria, namely convergent and discriminant validities. The convergent validity test is seen from each variable indicator's standardized loading factor (SLF) value. The indicator is considered valid, supposing the variable's loading or external loading factor is > 0.5 (Chin in Ghazali, 2015). In addition to being seen from the loading factor, an evaluation of the average variance extracted (AVE) is also conducted with the condition that the value is ≥ 0.5 . Furthermore, a discriminant validity test analyzes the cross-loading value to describe the correlation between the indicators and the construct.

The next stage tests the latent variable to determine its stability, consistency, and reliability. A variable has good composite reliability assuming its value is ≥ 0.7 at a Cronbach's alpha rate ≥ 0.5 .

4.1.1 Suitability of Measurement Model For Organizational Culture

The model suitability test results on the organizational culture variable with 4 dimensions are shown in Figure 4.1:



Source: Processed Data for 2022

Figure 4.1: First Order Indicator Reflection of Organizational Culture Variable

The validity test results from Figure 4.1 shows that all indicators are valid in measuring the organizational culture variable. This is in accordance with Chin and Gozali (2015) which stated that an indicator is considered valid assuming the loading factor is > 0.5 . After the test results of the construct indicators are declared valid, the model suitability test is conducted from the model builder's dimension. The validity test results of model suitability for each dimension on the organizational culture variable are shown in Table 4.3.

Table 4.3 Validity Test of Model Suitability on Organizational Culture Variable

Variable	Dimension	Convergent Validity		Discriminant Validity Cross Loading	Description
		Loading Factor	AVE		
Organizational Culture	1. Involvement	0,763	0,576	0,613	Valid
	2. Consistency	0,682	0,597	0,630	Valid
	3. Adaptability	0,825	0,565	0,604	Valid
	4. Mission	0,749	0,564	0,603	Valid

Source: Processed Data for 2022

Table 4.3 shows that the four dimensions that make up the organizational culture variable model are in the valid category. This is because the loading factor and cross-loading on each dimension are greater than 0.5 and have fulfilled the validity requirements. Meanwhile, for the average variance extracted (AVE) category, the construct shows good convergent validity when the value is greater than 0.5. Based on the table above, the AVE value of the four dimensions is greater than 0.5, meaning that all constructs have good convergent validity.

After conducting the convergent and discriminant validity test, a reliability test on the organizational culture variable is conducted by measuring two assessment criteria, namely Cronbach alpha and composite reliability. Table 4.4 shows detailed reliability test results of model suitability for each dimension on organizational culture variable.

Table 4.4: Reliability Test of Model Suitability on Organizational Culture Variable

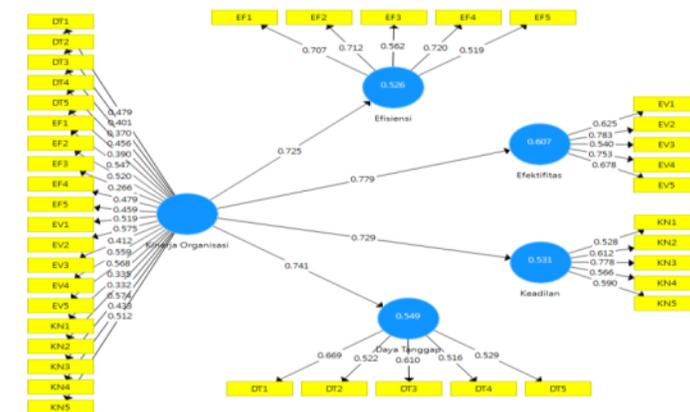
Variable	Dimension	Reliability		Description
		Cronbach's Alpha	Composite Reliability	
Organizational Culture	1. Involvement	0.588	0.750	Reliable
	2. Consistency	0.611	0.763	Reliable
	3. Adaptability	0.560	0.739	Reliable
	4. Mission	0.558	0.738	Reliable

Source: Processed Data for 2022

Based on Table 4.4, all dimensions have composite reliability of ≥ 0.7 and Cronbach's alpha of ≥ 0.5 . Hence, all constructs of the organizational culture variable, such as involvement, consistency, adaptability, and mission, have good reliability, meaning that the measurement is good.

4.1.2 The Suitability of the Measurement Model for VOEs Performance

The model suitability test results on VOEs performance variable with four dimensions are shown in Figure 4.2.



Source: Processed Data for 2021

Figure 4.2: First Order Indicator Reflection of VOEs Performance Variable

Figure 4.2 shows the validity test results on each construct indicator that makes up VOEs performance variable model valid in measuring the organizational culture variable. These indicators are considered valid because the loading factor of the variable is > 0.5 in accordance with Chin and Gozali (2015). After the test results of the construct indicators are declared valid, the model suitability test is conducted from the model builder dimensions. The model suitability validity test results for each dimension on VOEs performance variable are shown in Table 4.5.

Table 4.5 Validity Test of Model Suitability on VOEs Performance Variable

Variable	Dimension	Convergent Validity		Discriminant Validity	Description
		Loading Factor	AVE	Cross Loading	
VOEs Performance	1. Efficiency	0,725	0,522	0,650	Valid
	2. Effectiveness	0,779	0,564	0,681	Valid
	3. Fairness	0,729	0,586	0,621	Valid
	4. Responsiveness	0,741	0,528	0,572	Valid

Source: Processed Data for 2022

Table 4.5 shows the four dimensions that make up VOEs performance variable model have good convergent validity. This is because their loading factor, cross-loading values, and AVE are greater than 0.5. After evaluation, the four dimensions fulfilled the validity, hence, the measurement model is good.

After the convergent and discriminant validity test, a reliability test was conducted on VOEs performance variable by measuring two assessment criteria, namely Cronbach alpha and composite reliability, with detailed results shown in Table 4.6.

Table 4.6: Reliability Test of Model Suitability on VOEs Performance Variable

Variable	Dimension	Reliability		Description
		Cronbach's Alpha	Composite Reliability	
VOEs Performance	Efficiency	0,657	0,782	Reliable
	Effectiveness	0,705	0,810	Reliable
	Fairness	0,598	0,755	Reliable
	Responsiveness	0,582	0,707	Reliable

Source: Processed Data for 2022

Based on Table 4.6, all dimensions have composite reliability of ≥ 0.7 and Cronbach alpha of ≥ 0.5 , therefore, all constructs of VOEs performance variable, namely efficiency, effectiveness, fairness, and responsiveness, have good reliability to be used as measuring tools.

4.2 The Effect of Organizational Culture on VOEs Performance

The hypothesis test results for loading factors on the second-order path of organizational culture on VOEs performance are shown in Table 4.7.

Table 4.7: Evaluation of Path for the Effect of Organizational Culture Model on VOEs Performance

Path of Effect		Coefficient	t _{Statistic}	P-Value	Conclusion
Organizational Culture Village-Owned Enterprises Performance	→	0,343	4.686	0,000	Significant

[η_2]	→	(ξ)				
--------------	---	-----------	--	--	--	--

Source: Processed Data for 2022

Table 4.7 shows that the loading factor data on the second-order with the acquisition of the coefficient for the effect of organizational culture on VOEs performance is 0.343 or 34.3% with a $t_{\text{statistic}}$ of 4.686 at the significance level of $\alpha = 5\%$ or 0.05. The table also shows that the $t_{\text{statistic}}$ is greater than t_{table} and P-Value of 1.659 and 0.000 at a significance value < 0.05 . Based on the hypothesis test, it can be concluded that H_0 is rejected and H_1 is accepted. This means that organizational culture has a positive and significant effect on VOEs performance in Gorontalo Regency.

4.3 Discussion

Organizational culture has a positive effect on VOEs performance. This is in accordance with Kotter and Heskett (1992) which stated that organizational culture has a strong impact on performance. Similarly, Soedjono (2005) stated that organizational culture significantly affects performance. Both research align with Rogers et al. (2007), stating that organizational culture affects performance because it is very basic and necessary for growth. Organizational culture reflects the basic values that govern members in behaving and acting. These preliminary research and experts' perspectives clarify that organizational culture influences business performance.

Robins (2002) stated that organizational culture is a system of shared meaning held by members and used to distinguish one organization from another. Furthermore, Barry Cushway and Derek Lodge (1995) stated that organizational culture is a belief and values that become the main philosophy members hold in carrying out or operating organizational activities. This effect is caused by managers' ability to make adjustments in the internal and external environment of the organization, specifically in terms of community needs. It reinforces the understanding of the importance of organizations in implementing adaptability as one of the efforts to be followed up by VOEs managers, both institutionally and individually.

One of the dimensions for an organizational culture that needs adequate attention is external adaptability. This is because it plays a very strategic role and can affect VOEs performance. The intended external adaptability is the manager's understanding of values outside the organization, specifically the rules and norms that apply formally and informally. Therefore, for organizational culture to have a stronger effect on VOEs performance, it is still necessary to add indicators in the form of value internalization to the four existing ones. The value internalization in question is to provide managers with adequate understanding and knowledge of the rules relating to the

management of VOEs, both technically and government policies. It also provides an adequate understanding of the needs and behavior of the community around the organization's environment.

5. Conclusions and Recommendations

5.1 Conclusion

In conclusion, organizational culture has a positive effect of 0.343 or 34.3% and is significant α at 0.05 on VOEs performance with a $t_{\text{statistic}}$ of 4.686, greater than the t_{table} of 1.659. This implies that organizational culture has a fairly large tendency in shaping VOEs performance in Gorontalo Regency. This effect is caused by the ability of managers to make adjustments to changes in the organization's internal and external environment, specifically in terms of fulfilling community needs.

5.2 Recommendation

It is recommended to implement the value internalization from external adaptability on organizational culture to improve VOEs performance in Gorontalo Regency. This is because value internalization provides understanding and knowledge to managers on rules related to organizational management and further strengthens the effect of organizational culture on VOEs performance. Therefore, by applying the indicators of value internalization, namely 1) involvement, 2) consistency, 3) adaptability, 4) mission, and 5) value internalization, organizational culture will later contribute to improving performance for VOEs and other organizations.

REFERENCES

- Asree, Susita. Zain, Mohamed. dan Razalli, Mohd Rizal. 2010. *Influence Of Leadership Competency And Organizational Culture On Responsiveness And Performance Of Firms*. International Journal of Contemporary Hospitality Management Vol. 22 No. 4, 2010 pp. 500-516. Emerald Group Publishing Limited 0959-6119 DOI 10.1108/09596111011042712
- Bateman, Heather and Kathy Mc Adam. 2003. *Dictionary of Human Resources and Personnel Management*. Third edition. London A & C Black Publishers Ltd.
- Dwiyanto, Agus dkk. 2017. *Reformasi Birokrasi Publik di Indonesia*. Yogyakarta. Gajah Mada University Press.
- Gibson, J. L., Ivancevich, J. M., Donnelly, Jr., J. H., Konopaske, R. 2012. *Organizations: Behavior, Structure, Processes*. Fourteenth Edition. McGraw-Hill/Irwin. New York

- Ghozali, I. Latan, H. 2015. *Konsep, Teknik, Aplikasi Menggunakan Smart PLS 3.0 Untuk Penelitian Empiris*. Semarang: BP Undip.
- Habisch, Andre. Zhu, Bing. 2017. *Cultures As Determinants Of Innovation An Evidence From European Context*. ABAC Journal Vol.37 No.1 (January-June, 2017 pp 1-11)
- Hasibuan, Malayu. S. P. 2012. *Organisasi dan Motivasi*. Jakarta: Bumi Aksara.
- Kumorotomo, Wahyudi. 1996. *Meningkatkan Kinerja BUMN: Antisipasi Terhadap Kompetisi Dan Kebijakan Deregulasi*. JKAP Volume 1 Nomor 1 (Mei 1996).
- Luthans, Fred. 2006. *Perilaku Organisasi*. Terjemahan oleh Vivin Andika Yuwono; Shekar Purwanti; Th. Arie Prabawati; dan Winong Rosari. Yogyakarta. Penerbit Andi Copyriht.
- Mahsun, Mohamad, 2006. *Pengukuran Kinerja Sektor Publik*. Yogyakarta. Penerbit BPFE.
- Mangkunegara, Anwar Prabu. 2011. *Evaluasi Kinerja Sumber Daya Manusia*. Bandung : Refika Aditama.
- Mondy, R.M. & Noe, R.M. 1996. *Human Resource Management. Sixth Edition*. Prentice-Hall. Englewood Cliffs, New Jersey.
- Mueller, Stephen, L dan Thomas, Anisya, S. 2000. *Culture And Entrepreneurial Potential: A Nine Country Study Of Locus Of Control And Innovativeness*. Journal of Business Venturing 16, 51–75 2000 Elsevier Science Inc.
- Pratama, Anugrah. 2015. *Kiat Manajemen: Cara Efektif Manajemen Membangun Budaya Perusahaan*. Online, (<https://entrepreneur.bisnis.com/read/20150816/237/462911/kiat-manajemen-cara-efektif-membangun-budaya-perusahaan>).
- Prieto, I.M. and E. Revilla, 2006. *Learning Capability and Business Performance: a Non-Financial and Financial Assessment, The Learning Organization*, Vol.13 No.2, pp.166-185.
- Setiawan, Iwan, Asep. 2015. *Budaya Organisasi Dalam Lembaga Islam*. Anida Journal. <http://journal.uinsgd.ac.id/index.php/anida>. Vol 14 No 2 Juli-Desember 2015 p-ISSN 1410-5705. (341-355).
- Sobirin. Achmad (2009). *Budaya Organisasi*, UPP STIM YKPM, Yogyakarta.
- Susanto, A.B dan Prama, Gede. 2006. *Strategi Organisasi*. Yogyakarta: Amara Books.
- Sutrisno, Edy. 2019. *Manajemen Sumber Daya Manusia*. Jakarta. Prenamedia Group

- Wahid, Khalid Abdul. Zahari, Ahmad Suffian Mohd. Zakaria, Shahsuzan. Bakar. Hatinah Abu. 2019. *The Mediating Effect Of Customer Knowledge Sharing On Organizational Performance*. *ABAC Journal Vol.39 No.2 (April-June, 2019 pp 45-63)*.
- Winarno, Sigit dan Ismaya, Sujana. 2003. *Kamus Besar Ekonomi*. Bandung. Pustaka Garuda.
- Wood, Jack. Joseph Wallace, Richard M. Zeffane, Schermerhorn, Hunt and Osborn. 2001. *Organizational Behavior A Global Perspective*. Australia. John Willey & Sons.
- Yusof. N, Jamil. M.F. Che, Jayaraman. K. (2012). *Exploring The Organisational Culture Construct For Small And Medium Enterprises In The Ecotourism Of Emerging Economies*. International Journal of Sustainable Development and Planning. Volume 7 (2012), Issue 4 (457–471).

DEVELOPMENT OF ORGANIZATIONAL CULTURE IN IMPROVING THE PERFORMANCE OF VILLAGE-OWNED ENTERPRISES IN GORONTALO REGENCY, INDONESIA

ORIGINALITY REPORT

18%

SIMILARITY INDEX

15%

INTERNET SOURCES

7%

PUBLICATIONS

8%

STUDENT PAPERS

PRIMARY SOURCES

1	ejournal.ipdn.ac.id Internet Source	1%
2	eprints.ipdn.ac.id Internet Source	1%
3	www.ejournal.warmadewa.ac.id Internet Source	1%
4	ijbssrnet.com Internet Source	1%
5	Suwaldiyanana Suwaldiyana. "The Increasing of Employee Performance Through Discipline, Motivation, and Organizational Culture", INNOVATION RESEARCH JOURNAL, 2021 Publication	1%
6	iosrjournals.org Internet Source	1%
7	Submitted to Federation University Student Paper	1%

8	www.ijstr.org Internet Source	1 %
9	Elisabet Siahaan. "Antecedents of employee performance and the influence on employee job satisfaction in banking service sector in Indonesia", Banks and Bank Systems, 2017 Publication	1 %
10	Submitted to School of Business and Management ITB Student Paper	1 %
11	journal.sebi.ac.id Internet Source	<1 %
12	Submitted to Universitas Negeri Padang Student Paper	<1 %
13	Submitted to American Intercontinental University Online Student Paper	<1 %
14	Submitted to Rwanda Defence Forces Command and Staff College Student Paper	<1 %
15	journal.stkipsingkawang.ac.id Internet Source	<1 %
16	www.degruyter.com Internet Source	<1 %
17	www.ieomsociety.org Internet Source	<1 %

18	Dspace.Uii.Ac.Id Internet Source	<1 %
19	Submitted to Intercollege Student Paper	<1 %
20	Submitted to Bayerische Julius-Maximilians- Universität Würzburg Student Paper	<1 %
21	etda.libraries.psu.edu Internet Source	<1 %
22	www.atlantis-press.com Internet Source	<1 %
23	zombiedoc.com Internet Source	<1 %
24	Maharuddin Pangewa. "The Influence of the Organizational Culture toward the Performance of Local Governance", Mediterranean Journal of Social Sciences, 2015 Publication	<1 %
25	Nur Aini, Maswanto .. "Determinants of Good Corporate Governance and Its Implications on Organizational Commitments (Empirical Study on Employees of Government-Owned Islamic Banks in Dki Jakarta Province)", KnE Social Sciences, 2019 Publication	<1 %

26

Submitted to University College London

Student Paper

<1 %

27

igsspublication.com

Internet Source

<1 %

28

Submitted to Roehampton University

Student Paper

<1 %

29

Ari Saputro, Lenny Christina Nawangsari. "The Effect of Green Human Resource Management on Organization Citizenship Behaviour for Environment (OCBE) and Its Implications on Employee Performance at Pt Andalan Bakti Niaga", European Journal of Business and Management Research, 2021

Publication

<1 %

30

Submitted to Universitas Gunadarma

Student Paper

<1 %

31

www.emerald.com

Internet Source

<1 %

32

Haliah Haliah. "A study of performance model development and good governance budgeting", International Journal of Law and Management, 2021

Publication

<1 %

33

Submitted to Kenyatta University

Student Paper

<1 %

repository.president.ac.id

34

Internet Source

<1 %

35

www.ssoar.info

Internet Source

<1 %

36

Uce Veriyanti, Mafizatul Nurhayati. "The Role of Leader-Member Exchange in Moderating the Influence of Competence, Innovative Behavior, and Career Development on Employee Engagement", European Journal of Business and Management Research, 2022

Publication

<1 %

37

coek.info

Internet Source

<1 %

38

www.emeraldinsight.com

Internet Source

<1 %

39

www.i-scholar.in

Internet Source

<1 %

40

diva-portal.org

Internet Source

<1 %

41

ejournal.aibpm.org

Internet Source

<1 %

42

www.aessweb.com

Internet Source

<1 %

43

www.euro.who.int

Internet Source

<1 %

44

www.slideshare.net

Internet Source

<1 %

45

repository.au.edu

Internet Source

<1 %

Exclude quotes On

Exclude matches Off

Exclude bibliography On