The Strength of Organizational Culture and Education in Motivating of Entrepreneurs During the Covid-19 Pandemic

Endang Sungkawati
1Faculty of Economics and Business-Wisnuwardhana University-East Java-Indonesia
Ni Wayan Suarniati
2Faculty of Education- Wisnuwardhana University-East Java-Indonesia

Correspondence: ending_sung@yahoo.co.id

ABSTRACT

**Purpose:** This study aims to determine the effect of organizational culture and education on the performance of entrepreneurs through motivation as a mediating variable.

**Design/Methodology/Approach:** This research type is quantitative research, in terms of the level of explanation this research is associative research with a causal relationship, namely a causal relationship. This means that the research focuses on organizational culture and motivation as mediating variables. Respondents were 59 entrepreneurs and used path analysis for the analytical tool.

**Findings:** The results of the study indicate that organizational culture, education, and motivation affect the performance of entrepreneurs, either partially or simultaneously. While motivation does not act as a mediating variable for the influence of organizational culture on performance and education on performance. Organizational culture gives a strong and appropriate influence on the performance of entrepreneurs.

**Keywords:** Organizational Culture; Education; Motivation; Entrepreneur

INTRODUCTION

Entrepreneurs as one of the business actors in the community are always required to provide the best service for the community. From March 2020 until now, the COVID-19 pandemic is still happening in Indonesia and has not shown a decline. The prolonged state of the COVID-19 pandemic has caused problems in various sectors, especially in the economic sector. The conditions that tend to be unstable have created turmoil, especially in the economic sector. The turmoil that occurred in the Indonesian economic sector was caused by the decline in real national income caused by the minimal level of public consumption during the pandemic. The benchmark in economic development can be viewed through the quality and quantity of a country in managing the production of goods and
services that affect the level of community welfare (He & Harris, 2020).

Based on the current situation that is being faced by the Indonesian people, it has a significant impact on the economy and has a direct impact on the sustainability of SMEs. In today's face of a pandemic like today, entrepreneurs are required to innovate more and be creative in selling their wares. Based on data from the Ministry of Cooperatives and Small and Medium Enterprises in March 2021, the number of SMEs reached 64.2 million with a contribution to Gross Domestic Product of 61.07 percent or Rp. 8,573.89 trillion. SMEs can absorb 97 percent of the total workforce and can collect up to 60.42 percent of the total investment in Indonesia. Many entrepreneurs stop their business due to the absence of consumers so that people look for other activities that allow them to still be able to finance their lives during a pandemic like now (Kemenag, 2020). Based on the results of an initial survey conducted by researchers on entrepreneurs shows that the COVID-19 pandemic also had an unpleasant impact and made businesses close. Changes that have the effect of decreasing morale and discouragement. However, some entrepreneurs can survive and still have a better work spirit, so that their business does not go out of business. This is inseparable from the organizational culture that is firmly held and used as a motivation to stay afloat (Gandasari & Dwidienawati, 2020).

Performance is a fundamental foundation for achieving the goals of an organization. The success of the organization in improving its performance is very dependent on the quality of the human resources concerned in working while in the organization. Furthermore, the role of human resources on organizational performance is very important, human resource decisions must be able to increase efficiency and even be able to provide increased organizational results and also have an impact on increasing community satisfaction (Dessler, 2016; Sungkawati., 2018)

High performance is expected in an organization not only at the level top manager but also at the middle and low managers. According to (Robbins, Stephen P. Judge, 2015), employee performance is a function of the interaction between ability and motivation. From the aspect of the study of employee performance management, some things require important considerations because the individual performance of a person in the organization is part of the organization's performance, and can determine the performance of the organization. Many factors can affect performance, including motivation, leadership, work environment, work discipline, work culture, communication, commitment, position, quality of work-life, training, compensation, job satisfaction, and many others. All of these factors have an effect, depending on the facts that occur, some are dominant and some are not (Achnes & Hendrico, 2014; Cahyaningrat et al., 2002; Moehariono, 2010; Pitasari, 2015; Safitri & Rukiyah,
An important input of performance is organizational culture. Organizational culture is a general perception that is believed by members of the organization so that individuals with various backgrounds or who are at different levels in the organization tend to describe the organizational culture in the same sense. If the organizational culture does not show a dominant culture then the influence of culture on performance becomes unclear. A strong culture is characterized by the values of the organization that are strongly embraced, well-regulated, and widely shared. The more members who accept core values, agree on the ranks of importance, and feel strongly attached to the organizational culture, the stronger the culture of an organization (Anugerah, 2019; Setiawan & Sawitri, 2019; Soedjono, 2005; Wahyudi, 2019). In addition to organizational culture, motivational factors can also affect the performance of entrepreneurs. A person is not necessarily willing to exert all their abilities to achieve optimal results, therefore it is necessary to have a pusher so that they are willing to use their full potential. This driving force is called motivation (Muizu & Sari, 2019; Rachmat et al., 2019).

Reveal that a strong organizational culture will trigger entrepreneurs to think, behave, and act following organizational values (Rachmat et al., 2019). Conformity between organizational culture and organizational members who support it will lead to motivation to improve performance for the better (Setiawan & Sawitri, 2019). Therefore, a strong organizational culture is needed by every organization so that it can be a motivation to improve the performance of entrepreneurs so that they can maintain their business continuity (Anugerah, 2019).

Organizational culture is needed by an organization as a basis and control so that the process of achieving the company’s vision and mission can run synergistically. Organizational culture is defined as organizational styles, beliefs, and values that are understood, inspired and practiced in organizations so that these styles give meaning to themselves and become the basis for behavior or social control in organizations. Culture as a basis becomes important when talking about organizational culture. Culture is interpreted as something that will affect the level of knowledge and includes a system of ideas contained in the human mind that is socialized from generation to generation and is abstract. Because of its abstract nature, culture needs something to mediate as its embodiment so that it can be seen and assessed. The embodiment of culture are objects created by humans such as living equipment, language, behavior patterns, social organization, religion, and art all of which are intended to help humans in carrying out their lives (Abadiyah, 2016; Anugerah, 2019; Setiawan & Sawitri, 2019; Wahyudi, 2019). The role of entrepreneurs as owners and leaders of SMEs has a great influence on the formation and implementation of the culture of an organization.
Organizational culture shows high agreement about organizational goals among its members. The unanimity of the goals will form an attachment, loyalty, and organizational commitment, this condition will further reduce the tendency of employees to leave the organization (Moehariono, 2010; Robbins, Stephen P. Judge, 2015). Many employees are satisfied with their jobs, but they don’t like a large amount of bureaucracy in the organization where they work, or technicians who are not satisfied with their jobs but still carry out the company’s vision (Luthans, 2011). The role of culture in influencing employee behavior seems to be increasingly important in today’s workplace, the same meaning provided by a strong culture ensures that all employees are directed in the same direction, culture increases organizational commitment and increases employee behavior consistency (Robbins, Stephen P. Judge, 2015).

Education is a conscious and planned effort to create a learning atmosphere and learning process so that students actively develop their potential to have religious-spiritual strength, self-control, personality, intelligence, noble character, and skills needed by themselves and society. Educational background includes teaching special skills. The definition of background is a formal educational background (Listiorini, 2018; Safitri & Rukiyah, 2017; Sarwono et al., 2018). The education that has been taken by SME owners/managers affects the understanding of the business is running and its importance as a motivation to maintain their business. Low education will make the motivation to maintain their business low and the higher the education, the higher the motivation of entrepreneurs to maintain their business (Arizali, 2014). Entrepreneurial education can motivate to keep working well. Educational levels consist of formal, non-formal, and informal education that can complement each other, (Achnes & Hendrico, 2014; Iswanto & Jurianto, 2020; Kent, 1990) prove that education level does not affect SMEs performance.

Research on the influence of organizational culture and entrepreneurial education in shaping performance has been proven, among others, (Indiarti & Langenberg, 2004; Nauwelaerts & Hollaender, 2012; Watson & Edward Elgar, 2010) stating the employees. In addition, it is reinforced by research conducted, which obtained similar results. The existence of a strong organizational culture accompanied by an educational background can form the motivation for entrepreneurs. Motivation acts as a mediating variable in the influence of organizational culture on performance, this has been proven through a series of studies that have been conducted (Rachmat et al., 2019; Sarwono et al., 2018).

METHODS

This research type is quantitative research, in terms of the level of explanation this research is associative research with a causal relationship, namely a causal relationship. This means that the
research focuses on organizational culture and motivation as mediating variables. The subjects of this research are entrepreneurs in Malang City, East Java, Indonesia, totaling 59 entrepreneurs. The type of data used in this study is quantitative data (in the form of respondents' opinions obtained by distributing questionnaires.

In this study, data analysis uses *path analysis* (Ghozali, 2016), this technique is used to test the amount of contribution shown by the path coefficient on each path diagram of the causal relationship between variables X1 and X2 its impact on Y1 and Y2. It is further stated that path analysis is a technique for analyzing causal relationships that occur in multiple regression if the independent variable affects the dependent variable not only directly but also indirectly.

**RESULTS**

The conclusions of the direct influence on the indirect effect are presented in Table 1 to Table 6, as follows:

**Table 1. T-Test Results The Effect of Organizational Culture (X1) and Education (X2) on Motivation (Y1)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>12.201</td>
</tr>
<tr>
<td></td>
<td>Organizational Culture</td>
<td>.202</td>
</tr>
<tr>
<td></td>
<td>Education</td>
<td>.214</td>
</tr>
</tbody>
</table>

The test results that have been made stating that the value $t_{count}$ Organizational Culture (X1) is 2.483 is greater than $t_{table}$ 1.990 and 0.015 significance level is smaller than the significance level of 0.05, so it can be concluded that the organizational culture variables (X1) positive and significant effect on the motivation (Y1). So it can be concluded that organizational culture partially affects the motivation of entrepreneurs.

Value $t_{count}$ of Education (X2) is 2.827 is greater than $t_{table}$ 1.990 and the significance level is 0.006 smaller than the 0.05 significance level, so it can be concluded that the education variable (X2) has a positive and significant effect on motivation (Y1). So it can be concluded that education has a partial effect on motivation in entrepreneurs.

**Table 2. F Test Results The Effect of Organizational Culture (X1) and Education (X2) Simultaneously on Motivation (Y1)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-ISSN: 2655-3651</td>
<td>E-ISSN: 2656-0435</td>
<td>Page</td>
<td>72</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The test results for the $F_{\text{count}}$ value calculated of 18.437 with sig. 0.000 and the $F_{\text{table}}$ value is 2.70, it can be stated that the $F_{\text{count}}$ calculated is greater than $F_{\text{table}}$, so it can be concluded that organizational culture and education simultaneously affect the work motivation of entrepreneurs.

Table 3. T-Test Results The Effect of Organizational Culture (X1), Education (X2), and Motivation (Y1) on Performance (Y2)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>6.355</td>
<td>2.246</td>
<td>2.830</td>
<td>.006</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>.222</td>
<td>.084</td>
<td>.307</td>
<td>.011</td>
</tr>
<tr>
<td>Education</td>
<td>.180</td>
<td>.080</td>
<td>.266</td>
<td>.028</td>
</tr>
<tr>
<td>Motivation</td>
<td>.277</td>
<td>.121</td>
<td>.250</td>
<td>.025</td>
</tr>
</tbody>
</table>

Results of tests performed stated that value of $t_{\text{count}}$ Cultural Organization (X1) is 2.629 bigger than $t_{\text{table}}$ 2.000 and 0.011 significance level is smaller than the significance level of 0.05, so it can be concluded that the organizational culture variables (X1) positive and significant effect on performance (Y2). So it can be concluded that organizational culture has a partial effect on the performance of entrepreneurs. The $t_{\text{count}}$ value of Education (X2) is 2.252 is greater than $t_{\text{table}}$ 2.000 and a significance level of 0.028 is smaller than a significance level of 0.05, so it can be concluded that the education variable (X2) has a positive and significant effect on performance (Y2). So it can be concluded that education has a partial effect on the performance of entrepreneurs. The value of $t_{\text{count}}$ motivation (X2) is 2.252 is greater than $t_{\text{table}}$ 2.000 and a significance level of 0.028 is smaller than a significance level of 0.05, so it can be concluded that the motivation variable (X2) has a positive and significant effect on performance (Y2). So it can be concluded that motivation partially affects the performance of entrepreneurs.
Table 4. F Test Results The Effect of Organizational Culture (X1), Education (X2), and Motivation (Y1) Simultaneously on Performance (Y2)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>102.432</td>
<td>3</td>
<td>34.144</td>
<td>20.756</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>110.216</td>
<td>67</td>
<td>1.645</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>212.648</td>
<td>70</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Sungkawati, 2021

Based on table 1, the results of the value \( F_{count} \) test are calculated 20.756 with sig. 0.000 and the value of \( F_{table} \) 2.70, it can be stated that the \( F_{count} \) calculated is greater than \( F_{table} \), so it can be concluded that organizational culture, education, and motivation jointly affect the performance of entrepreneurs.

The calculation phase begins with performing multiple linear regression analysis variables of organizational culture and education on motivation are presented as follows:

Table 5. Summary of Path Analysis

<table>
<thead>
<tr>
<th>No</th>
<th>Test Result</th>
<th>Coefficient</th>
<th>Anova</th>
<th>Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>( X_1 ) and ( X_2 ) to ( Y_1 )</td>
<td>( X_1 = 0.308 ) ( X_2 = 0.351 )</td>
<td>18.473</td>
<td>0.352</td>
</tr>
<tr>
<td>2.</td>
<td>( X_1, X_2, ) and ( Y_1 ) to ( Y_2 )</td>
<td>( X_1 = 0.307 ) ( X_2 = 0.266 ) ( Y_1 = 0.250 )</td>
<td>20.756</td>
<td>0.482</td>
</tr>
</tbody>
</table>

Source: Sungkawati, 2021

The calculation results in table 5. can be described as follows:

Figure 1. Summary of Calculation Results
Table 6. Summary of Calculation Results of The Effect of Organizational Culture (X1), Education (X2) through Motivation (Y1)

<table>
<thead>
<tr>
<th>NO</th>
<th>Independent Variable</th>
<th>Bound Variable</th>
<th>Direct Effect</th>
<th>No Effect Direct</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>X₁</td>
<td>Y₁</td>
<td>0.308</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>X₂</td>
<td></td>
<td>0.351</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>X₁</td>
<td>Y₂</td>
<td>0.307</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>X₂</td>
<td></td>
<td>0.266</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Y₁</td>
<td></td>
<td>0.250</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>X₁ → Y₂</td>
<td>Y₁</td>
<td>0.077</td>
<td>The direct effect&gt; the indirect effect → mediating was not effective</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>X₂ → Y₂</td>
<td></td>
<td>0.088</td>
<td>The direct effect&gt; the indirect effect → mediating was not effective</td>
<td></td>
</tr>
</tbody>
</table>

Source: Sungkawati, 2021

Based on the results of the tests that have been carried out, the value of the direct influence of organizational culture on performance is 0.307, while the effect of organizational culture on performance through motivation is 0.077, so it can be concluded that the direct influence is greater than the indirect effect, motivation does not act as a mediating variable in mediating the influence of organizational culture on performance in entrepreneurs.

Based on the results of the tests that have been carried out, the value of the direct influence of the Education variable on performance is 0.266, while the influence of the Education variable on performance through motivation is 0.088, so it is concluded that the direct influence is greater than the indirect effect, motivation does not act as a mediating variable in mediating the influence of Education on performance in Entrepreneurs.

DISCUSSION

This section will present a discussion of the results of the analysis that has been carried out on the influence of organizational culture and education on the performance of entrepreneurs mediated by motivation.

The results showed that organizational culture had a partial effect on entrepreneurial motivation. The results of this study are also
supported by research conducted by (Anugerah, 2019), which stated that a strong organizational culture influences employee motivation (Almansour, 2012). The more members accept core values and the greater their commitment to those values, the stronger the culture. A strong organizational culture will have a great influence on the behavior of its members because the high level of togetherness and intensity creates an internal atmosphere in the form of high behavioral control (Robbins, Stephen P. Judge, 2015). Organizational culture has a partial effect on the performance of entrepreneurs. These results are in line with research obtained by (Abadiyah, 2016; Anugerah, 2019; Muizu & Sari, 2019; Setiawan & Sawitri, 2019), who suggest that organizational culture has a significant effect on performance. So it can be concluded that the higher the value of organizational culture, the better the performance produced.

The results showed that education had a partial effect on entrepreneurial motivation. These results are supported by research conducted (Iswanto & Jurianto, 2020; Sungkawati & Suarniati, 2015), which stated that the implementation of proper education for employees will support the birth of work motivation. This is also supported by the results of filling out the questionnaire where the education items presented show an influence on the formation of motivation in employees. Education has a partial effect on the performance of entrepreneurs. These results are in line with research conducted by (Achnes & Hendrico, 2014; Kent, 1990; Listiorini, 2018) which states that education affects performance. This is confirmed by the opinion of (Mangkunegara, 2006) which states that performance is influenced by organizational factors including education. So it can be stated that the better and more appropriate the education applied, the higher the employee's performance.

These results are also supported by the results of research conducted (Anugerah, 2019) which state that motivation influences performance (Anugerah, 2019; Moeljokismono, 2016). In addition, it is also strengthened by the opinion of Davis in (Mangkunegara, 2006) which reveals that the factors that influence the achievement of performance are the ability factor and the motivation factor. Therefore, it can be concluded that the increase in motivation is in line with the increase in employee performance.

Based on the results of the tests that have been carried out, the value of the direct influence of organizational culture on performance is 0.307, while the effect of organizational culture on performance through motivation is 0.077, so it can be concluded that the direct influence is greater than the indirect effect, motivation does not act as a mediating variable in mediating. the influence of organizational culture on performance in entrepreneurs. The results of this study are in line with research conducted by (Muizu & Sari, 2019; Rachmat et al., 2019; Setiawan & Sawitri, 2019; Wahyudi, 2019) which stated that a strong organizational culture influences the formation of
employee performance. Thus a strong culture will have a great influence on the behavior of its members because the high level of togetherness and intensity creates an internal atmosphere in the form of high behavioral control (Moehariono, 2010; Robbins, Stephen P. Judge, 2015). So even without a motivational boost, this strong organizational culture is enough to bring out the performance of Entrepreneurs.

The organizational culture of entrepreneurs in the form of *excellence, professionalism, integrity, and innovation* becomes an important foundation informing the good performance of entrepreneurs. This is also proven by filling out a questionnaire where it is stated that the wide opportunity to innovate can optimize team performance, in which there are human resources who already have expertise in their respective fields. In addition, the thoroughness and discipline that was built were also proven to be able to make employees in a state of solidity in completing the targets given by the company. Besides that, the culture of working in a team while still upholding healthy competition can make employees remain professional in completing the tasks that are their responsibility.

Based on the results of the tests that have been carried out, the value of the direct influence of the Education variable on performance is 0.266, while the influence of the Education variable on performance through motivation is 0.088, so it is concluded that the direct influence is greater than the indirect effect, motivation does not act as a mediating variable in mediating the influence of Education on performance in Entrepreneurs.

The results of this study indicate a positive influence between education levels on entrepreneurial performance. These results can be explained by the fact that elementary school graduates and junior high school graduates are still not able to manage their business during the covid 19 pandemic because they consider that business success is seen from the level of sales, this happens because the owner/manager lacks the motivation to survive and innovate. Meanwhile, high school graduates have been able to survive the COVID-19 pandemic well, as evidenced by their motivation to keep innovating in their business. The results of this study are following the opinion expressed by (Listiorini, 2018; Sarwono et al., 2018) that the level of education that has been taken by the owner/manager of SMEs affects the understanding of the business is running and how important it is for their business to survive even in the face of a disaster.

The results of this study are in line with research conducted by Rusady and Suprayitno (2011), Amaliyah, et al. (2014), Wahyuni (2015), Amalia, et al. (2016), Isnaini (2016), and Emil and Albetris (2019) which state that the right education can produce employee performance. This is also proven by filling out a questionnaire where it is stated that the right steps taken by entrepreneurs can encourage people in the team to maximize performance according to their
respective fields. The existence of a leader who can encourage the emergence of employee creativity helps the completion of the targets that have been set. In addition, leadership behavior that reflects positive character is also able to encourage employees to participate in imitation, one of which is by applying discipline at work.

CONCLUSION

The results of the study state that organizational culture and education are motivations for entrepreneurs to improve their performance during the covid 19 pandemic. Entrepreneurial organizational culture in the form of excellence, professionalism, integrity, and innovation is an important foundation that informs good entrepreneurial performance. It is stated that the right steps taken by entrepreneurs can encourage people in the team to maximize performance according to their respective fields. The existence of a high education of an entrepreneur, can encourage the emergence of employee creativity to help achieve the targets that have been set.

REFERENCES


