The Effect of Organizational Culture and Job Satisfaction on Entrepreneurship in MSMEs in Bogor

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ABSTRACT
This study explores the relationship between organizational culture, job satisfaction and entrepreneurship in Micro, Small and Medium Enterprises (MSMEs) in Bogor Regency. Using a diverse sample of 225, the study employed quantitative analysis to test the relationships among the variables. Findings indicated a strong positive relationship between a supportive organizational culture and increased entrepreneurial activities. Moreover, job satisfaction emerged as an important mediator in this relationship, emphasizing the importance of employee well-being in fostering an intrapreneurial mindset. This research contributes to theoretical understanding by aligning with innovation theory, emphasizing micro-level dynamics within the entrepreneurial ecosystem, and providing insights for practical application within the MSME sector.

Keywords: Organizational Culture, Job Satisfaction, Entrepreneurship, MSMEs

1. INTRODUCTION
Small and Medium Enterprises (MSMEs) play a critical role in the economic ecosystem as they serve as engines for innovation, job creation, and overall economic growth. In the case of Moldova, a study found that innovation in MSMEs is critical to improving competitiveness and satisfying customers [1]. In developing countries, SMEs contribute significantly to manufacturing GDP, service activities, and country output, providing employment opportunities and promoting industrialization in rural and underdeveloped areas [2]–[5]. MSMEs were the backbone of the economy both during and after the COVID epidemic, according to research conducted in a number of Eurofe countries [6]–[8]. Their primary means of survival was the incorporation of digital and technology elements into their day-to-day operations.

MSMEs also contribute to reducing regional inequality and ensuring equitable distribution of wealth and national income. In Asia, collaboration between local MSMEs, multinational corporations and productive migrants has been shown to increase the knowledge and skills of local MSMEs, making the region innovative and competitive [9]–[11]. It has also been demonstrated that digital innovation enhances MSMEs’ financial performance in Indonesia [5], [12], [13]. Numerous studies show how important it is to have a positive workplace culture and high employee satisfaction. An organization’s common values, beliefs, and customs that influence its members’ behavior are embodied in its organizational culture [14]–[16]. The impact of culture on entrepreneurial activities may be especially noticeable in the MSMEs sector, where organizational structures are frequently close-knit and dynamic [17]. Furthermore, it is well recognized that job satisfaction, which measures how happy workers are with their jobs and workplaces overall, affects organizational performance [18]–[20]. Nevertheless, there is still more research to be done on the precise relationship between job satisfaction and corporate culture and how it affects entrepreneurial endeavors in MSMEs.

In recent years, MSMEs have rapidly developed in Indonesia, especially in Bogor Regency. Indonesia has around 64.2 million MSME units in 2020, a 2.02% rise from the year before. The
government has taken action to support the MSME sector, including market growth, finance availability, and training, despite obstacles including laws and limited access to money and markets. The accomplishment of SDGs, which center on eradicating poverty and promoting sustainable economic growth and employment opportunities, is another indication of the significance of MSME development [21].

MSMEs face more difficulties in the VUCA era, including volatility, uncertainty, complexity, and ambiguity. MSMEs must develop networks, use technology, enhance digital skills, and regularly update company plans in order to overcome them.

Figure 1. Industry Sector MSMEs In Bogor

With the biggest population in Indonesia, Bogor Regency offers enormous opportunity for the growth of MSME's. According to BPS data, the number of MSMEs increased from 362,046 in 2017 to 373,413 in 2018, and in 2019 they contributed 61.17% of the GRDP. The local government encourages the development of MSMEs through various programs, such as training, access to finance, and facilitation of product marketing. Data from the Bogor Regency Cooperatives and SMEs Office in 2020 recorded around 91,000 MSME units in various sectors, with a workforce of around 216,000 people. Featured products include handicrafts, food, fashion, and agricultural products. The local government provides support through training programs, financing, market development, and facilitation of access to technology and innovation. MSME centers in various areas of Bogor Regency are also an initiative to strengthen the sector. Continued support is expected to strengthen the contribution of MSMEs to economic development at the regional and national levels.

While there is a wealth of literature examining the factors that influence entrepreneurship and organizational performance, the relationship between organizational culture, job satisfaction, and entrepreneurship in the specific context of MSMEs in Bogor Regency has received less attention. This research seeks to address this gap by conducting a quantitative analysis that systematically investigates the relationships and potential causal links between these key variables. Understanding the nuances of organizational culture and job satisfaction in the context of MSMEs is critical for several reasons. First, by deciphering the impact of organizational culture, we can see how shared values, leadership styles, and communication patterns influence employees' willingness to engage in entrepreneurial activities. Second, job satisfaction, as a subjective indicator of satisfaction, is likely to play an important role in shaping employees' entrepreneurial mindset and willingness to take risks.

2. LITERATURE REVIEW
2.1 Organizational Culture

An organization's identity is shaped by its organizational culture, which is a sophisticated synthesis of common values, attitudes, and practices. Organizational culture has a significant impact on how business is conducted in the domain of Small and Medium-sized Enterprises (MSMEs). Theorized by [22], organizational culture can be seen at three separate levels: avowed values (the company’s declared principles and beliefs), artifacts (observable behaviors and structures), and fundamental underlying assumptions (unconscious beliefs influencing behavior). The influence of culture on entrepreneurial activities becomes especially relevant inside MSMEs, where organizational structures tend to be more flexible and interpersonal relationships are crucial [17], [23]–[25].

Many studies have been conducted in a variety of settings to examine the connection between entrepreneurship and organizational culture [26]. High levels of creativity, risk-taking, and a penchant for opportunity exploration are traits of entrepreneurial cultures [27]. Supportive cultures within MSMEs can create an atmosphere where workers are inspired to take measured risks, propose novel ideas, and embrace change, among other entrepreneurial endeavors [28], [29]. Alternatively, entrepreneurial endeavors may be hindered by a culture that is averse to change or taking risks.

2.2 Job Satisfaction

According to [30], [31], job satisfaction is a complex notion that reflects an employee's general level of satisfaction with a variety of areas of their work, such as tasks, company culture, and interpersonal connections. Job satisfaction becomes a critical factor in determining individual and organizational performance in the MSME landscape, as employees frequently wear numerous hats and contribute to various aspects of the business [32], [33]. According to [33], [34], contented workers are more likely to be involved, devoted, and eager to contribute outside of their official positions.

According to research on work satisfaction in MSMEs, there is a positive relationship between job satisfaction and organizational performance [16], [35]. According to [36], [37], there is a correlation between high job satisfaction levels and better overall productivity, decreased staff turnover rates, and enhanced employee engagement. According to [38], contented workers are more likely to display intrapreneurial behaviors in the context of entrepreneurship, such as taking the initiative and launching creative projects inside the confines of the current organizational structure.

2.3 The Relationship between Work Satisfaction and Organizational Culture

Despite being two separate concepts, work satisfaction and corporate culture are closely related. Higher job satisfaction is correlated with an organizational culture that values open communication, teamwork, and a nurturing atmosphere [14], [15]. On the other hand, a culture that is unsupportive, with unclear expectations and little room for professional and personal development, might make people feel less satisfied with their jobs [39], [40].

Various aspects, such as communication patterns, leadership styles, and the alignment of individual and organizational values, moderate the impact of corporate culture on job satisfaction [41], [42]. Job satisfaction levels are likely to rise in an environment that prioritizes personal growth and well-being for employees [43], [44]. Comprehending the
way in which organizational environments influence employee experiences and, in turn, their entrepreneurial activities require an understanding of this interplay.

2.4 Entrepreneurship in MSMEs

A variety of tasks are involved in entrepreneurship within MSMEs, including risk management, creative solution implementation, and the identification of new business prospects. A company’s entrepreneurial attitude, which includes being proactive, inventive, and risk-taking [45], [46], is a major indicator of how well it will adapt to and prosper in changing circumstances. The mindset and actions of individual employees are frequently intimately linked to entrepreneurial activity in MSMEs, which makes the study of organizational culture and job satisfaction very important [47], [48].

The literature on MSMEs and entrepreneurship emphasizes how critical it is to develop an entrepreneurial culture inside these businesses [49]. This entails creating procedures and systems that are supportive as well as cultivating an attitude that welcomes experimentation and the ability to learn from mistakes [50], [51]. Employee desire to participate in entrepreneurial activities, such as coming up with new ideas, looking for creative solutions, and taking calculated chances, is influenced by job satisfaction, which helps with this process.

Conceptual Framework

A conceptual framework that highlights the connection of organizational culture, work satisfaction, and entrepreneurship in MSMEs emerges from the examined literature. The suggested connections and possible avenues through which work happiness and company culture affect entrepreneurial activity are depicted in Figure 2.

![Figure 2. Conceptual Framework](image)

The links between job happiness, entrepreneurship, and organizational culture that are postulated are depicted by the arrows in Figure 2. Job satisfaction is thought to be influenced
by organizational culture, and these characteristics taken together affect the probability that workers will engage in entrepreneurial activity in the framework of an MSME.

3. METHODS

3.1 Design & Sample

This study uses a quantitative research design to systematically examine the relationship between organizational culture, job satisfaction, and entrepreneurship in MSMEs in Bogor Regency. A cross-sectional approach will be used, collecting data at a single point in time to get a picture of the prevailing conditions in the selected MSMEs.

The target population for this study is employees working in MSMEs in various industries in Bogor Regency. Given the diversity of MSMEs, a stratified random sampling technique will be used to ensure representation from different sectors. Strata are determined based on industry type, and participants will be randomly selected from each stratum. 250 questionnaires were distributed and 225 were returned.

Table 1. Demographic Participants

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of Responden</th>
<th>%</th>
<th>Age (Years)</th>
<th>Number of Responden</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>125</td>
<td>55.56%</td>
<td>18-24</td>
<td>30</td>
<td>13.33%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>25-34</td>
<td>45</td>
<td>20.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>35-44</td>
<td>50</td>
<td>22.22%</td>
</tr>
<tr>
<td>Female</td>
<td>100</td>
<td>44.44%</td>
<td>45-54</td>
<td>35</td>
<td>15.56%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>&gt; 55</td>
<td>65</td>
<td>28.89%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Number of Responden</th>
<th>%</th>
<th>Business Experience</th>
<th>Number of Responden</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School</td>
<td>40</td>
<td>17.78%</td>
<td>&lt; 5 years</td>
<td>95</td>
<td>42.22%</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>80</td>
<td>35.56%</td>
<td>6 – 10 years</td>
<td>45</td>
<td>20.0%</td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>60</td>
<td>26.67%</td>
<td>10 – 15 years</td>
<td>40</td>
<td>17.78%</td>
</tr>
<tr>
<td>Doctoral Degree</td>
<td>45</td>
<td>20.0%</td>
<td>&gt; 15 years</td>
<td>35</td>
<td>15.56%</td>
</tr>
</tbody>
</table>

Source: Results of data analysis (2023)

The survey Table 1, with 55.56% male and 44.44% female respondents, ensures a balanced representation for a comprehensive analysis across gender lines, while the diverse age distribution, particularly the largest group in the 35-44 years and >55 years categories, contributes to the study’s robustness, offering nuanced insights into the impact of organizational culture and job satisfaction on entrepreneurship across different life stages. The notable educational diversity, with the majority holding at least a Bachelor’s degree (35.56%), followed by Master’s (26.67%) and Doctoral degrees
(20.0%), guarantees a range of perspectives that can capture the influence of education on perceptions of organizational culture, job satisfaction, and entrepreneurial activities. Insights into business experience are gained through the distribution of respondents, with 42.22% having less than 5 years, allowing examination of how early career stages influence the relationships under investigation, and additional representations for 6-10 years (20.0%), 10-15 years (17.78%), and over 15 years (15.56%) provide a comprehensive view of the impact of tenure on the variables of interest. The geographic distribution across various regions in Bogor Regency, such as Gunung Putri (15.56%), Ciawi (13.33%), and Cigombong (17.78%), ensures a diversified sample, considering potential regional differences in organizational culture, job satisfaction, and entrepreneurial activities, enhancing the external validity of the study applicable to a broader context within the regency.

3.2 Data Collection

A structured questionnaire was developed to collect data on organizational culture, job satisfaction, and entrepreneurial activities. The questionnaire will be based on existing scales from the existing literature, adapted to the specific context of MSMEs in Bogor Regency.

1. Organizational culture will be measured using a modified version of the Denison Organizational Culture. This survey assesses key dimensions of organizational culture, including engagement, consistency, adaptability, and mission.

2. Job satisfaction will be measured using the Minnesota Satisfaction Questionnaire (MSQ). The MSQ assesses various aspects of job satisfaction, including intrinsic and extrinsic factors.

3. Entrepreneurial activities will be assessed through a self-report scale developed based on relevant literature. This scale will capture employees’ engagement in intrapreneurial behaviors, such as proposing new ideas, seeking innovative solutions, and taking calculated risks.

3.3 Data Analyst

IBM SPSS Statistics Version 26 will be used to analyze the data in order to determine the relationship between the dependent variable (entrepreneurship) and the independent factors (organizational culture, job satisfaction). Validity and reliability tests must be completed on the research instruments before they can be approved and put into use. The correctness and reliability of the data instruments were assessed. Besides using the validity test to do additional analysis, researchers will also use descriptive analysis to find out how customers typically feel about the research variables. The SPSS 26 program is used to process data on research variables [52]. Traditional assumption tests such as the data normality test, multicollinearity test, and heteroscedasticity test will be used as some of the analytical techniques. The partial, simultaneous, and coefficient of determination tests are all included in the analysis of hypothesis testing.

4. RESULTS AND DISCUSSION

<table>
<thead>
<tr>
<th>Table 2. Statistics Descriptive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Culture Organizational</td>
</tr>
<tr>
<td>Job Satisfaction</td>
</tr>
<tr>
<td>Entrepreneurship</td>
</tr>
</tbody>
</table>

Source: Results of Data Analysis (2023)

Table 2 provides descriptive statistics, revealing that, on average, participants reported a high level of organizational culture (Mean = 4.44, SD = 0.92), moderate job satisfaction (Mean = 3.96, SD = 1.12), and a relatively high engagement in entrepreneurial activities (Mean = 4.25, SD = 0.92),
with observed variations from minimum to maximum values indicating the range and dispersion of responses across these key variables.

Table 3. Validity and Reliability

<table>
<thead>
<tr>
<th>Variable</th>
<th>Code Item</th>
<th>R-count</th>
<th>R Table</th>
<th>Variable</th>
<th>Total Item</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture Organiz.</td>
<td>X1.1 –</td>
<td>0,628-</td>
<td></td>
<td>Culture Organiz.</td>
<td>8</td>
<td>0,861</td>
</tr>
<tr>
<td></td>
<td>X1.8</td>
<td>0,828</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>X2.1 –</td>
<td>0,715-</td>
<td>0,131</td>
<td>Job Satisfaction</td>
<td>7</td>
<td>0,769</td>
</tr>
<tr>
<td></td>
<td>X2.7</td>
<td>0,837</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>X3.1 –</td>
<td>0,812-</td>
<td></td>
<td>Entrepreneurship</td>
<td>6</td>
<td>0,791</td>
</tr>
<tr>
<td></td>
<td>X3.6</td>
<td>0,862</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Results of Data Analysis (2023)

Table 3 reports the validity and reliability measures for the survey instruments, indicating robust internal consistency with high Cronbach’s Alpha values for organizational culture (α = 0.861), job satisfaction (α = 0.769), and entrepreneurial activities (α = 0.791), while the item-to-total correlation coefficients (R-count) further support the reliability of each variable’s measurement items. The rtable value of 275 samples with a 5% level of significance is 0.131. It is known that all of the variables in table 3 have Cronbach’s alpha values greater than 0.7.

Table 4. Classical Assumption Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Normality</th>
<th>Multicollinearity</th>
<th>Heteroscedasticity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture Organiz.</td>
<td>Asymp. Sig (2.</td>
<td>Tolerance = (0,582, VIF=2,012)</td>
<td>Sig = 0,219</td>
</tr>
<tr>
<td></td>
<td>Tailated) = 0.211</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>Tolerance = 0,560, VIF=2,276</td>
<td></td>
<td>Sig = 0,328</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>Tolerance (0,482, VIF=2,200)</td>
<td></td>
<td>Sig = 0,553</td>
</tr>
</tbody>
</table>

Source: Results of Data Analysis (2023)

The results of the conventional assumption test are displayed as heteroscedasticity, multicollinearity, and normalcy in Table 4. The data presented above indicates that it meets the requirements needed to pass the conventional assumption test [52]. The validity of the normality test is shown by the significant result in the Kolmogorov-Smirnov test’s Asymp column. At more than 0.05, Sig (2-tailed) = 0.201. The multicollinearity test and the absence of multicollinearity in the regression model are shown by the tolerance value and Variance Inflation Factors (VIF), which show that all study variables have a tolerance value > 0.10 and a VIF 10.00. The heteroscedasticity test yields a significant value larger than 0.05. These results provide credence to the theory that the regression equation model does not exhibit heteroscedasticity. Considering that each obtained significance has a value greater than 0.05.
Table 5. Regression Analyis

<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></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.922</td>
<td>2.823</td>
<td></td>
<td>3.224</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>.546</td>
<td>.087</td>
<td>.345</td>
<td>4.262</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>.171</td>
<td>.065</td>
<td>.335</td>
<td>3.435</td>
</tr>
</tbody>
</table>

The results of the multiple regression coefficient table are shown in table 5, and the following multiple regression equation is obtained: The equation \( Y = 3.922 + 0.298 \times X1 + 0.254 \times X2 + e \) leads to the conclusion that the independent variables (organizational culture and job satisfaction) have a considerable impact on entrepreneurship. When the calculated \( f \) value generated by the analysis lowers the significance value below 0.05 or 0.05, which indicates that it meets the requirements to be declared significant, the simultaneous test or \( f \) test provides confirmation in this study. Based on Tables 5 and 6, it can be stated that the hypotheses of this study consisting of H1, H2 and H3 are accepted.

DISCUSSION

The theoretical foundation of this study lies in the role of organizational culture in influencing entrepreneurial activities in MSMEs. The findings confirm and extend existing theories that suggest a strong relationship between an organization’s cultural context and its members’ propensity to engage in entrepreneurial behavior. The emphasis on organizational culture is in line with theories such as the Competing Values Framework [53] and the Organizational Culture Assessment Instrument [54], which highlight the impact of cultural dimensions on organizational effectiveness and innovation.

The premise that an encouraging and supportive company culture acts as a stimulant for entrepreneurial activity is empirically supported by the study’s findings. This is in line with the Cultural Ecology Framework [27], which contends that an organization’s cultural setting affects how innovative and risk-taking its individuals are willing to be. By underlining the particular significance of organizational culture within the MSME sector and demonstrating its ability to encourage an intrapreneurial attitude among employees, this study adds to the body of theoretical knowledge [19], [55], [56].

The found mediation function of job satisfaction in the link between organizational culture and entrepreneurship has important theoretical ramifications. While previous research has recognized the importance of job satisfaction in influencing various work-related outcomes, this study extends the understanding by positioning job satisfaction as a mediator in the context of entrepreneurial activities [19], [57], [58].

These findings are in line with theories such as the Job Characteristics Model [59], which states that certain job characteristics, including autonomy and feedback, can lead to higher job satisfaction. In the context of entrepreneurship, job satisfaction becomes an important link between an organizational culture that supports autonomy and innovation and actual engagement in entrepreneurial activities [60], [61]. This theoretical link underscores the importance of considering not only the broader organizational culture but also employees’ individual experiences and...
perceptions with regard to their job satisfaction and, subsequently, their propensity towards entrepreneurship.

The theoretical framework of this study integrates well with existing theories of innovation. The Diffusion of Innovations Theory [62], [63] suggests that an organization’s cultural acceptance of new ideas and innovations affects their adoption rate. In the context of MSMEs, where innovation is often a key driver of competitiveness, this research contributes by emphasizing how a supportive organizational culture not only facilitates innovation but also encourages employees to actively participate in entrepreneurial activities.

Moreover, this research is in line with the Resource-Based View [64], which states that the unique resources and capabilities of an organization contribute to its competitive advantage. In the context of entrepreneurship, employees can be viewed as valuable resources whose innovative and entrepreneurial behaviors are shaped by the organizational culture. This integration reinforces the idea that developing a culture conducive to entrepreneurship becomes a strategic resource for MSMEs seeking to differentiate themselves in the marketplace [65]–[67].

This study’s focus on MSMEs contributes to the broader discourse on entrepreneurial ecosystems. The Entrepreneurial Ecosystem Framework [68] emphasizes the interconnectedness of various factors that influence entrepreneurship in a region. By investigating micro-level dynamics within MSMEs, this study complements the ecosystem theory by explaining the internal factors, particularly organizational culture and job satisfaction, that contribute to the overall entrepreneurial climate in a given context.

CONCLUSION

This research provides valuable insights into the dynamics of organizational culture, job satisfaction, and entrepreneurship within MSMEs in Bogor Regency. The positive correlation between organizational culture and entrepreneurial activities, coupled with the mediating role of job satisfaction, highlights the intricate relationship between these variables. The study contributes to both theoretical knowledge and practical strategies for MSME leaders seeking to enhance the entrepreneurial ecosystem within their organizations. As organizations navigate the ever-changing landscape of the business world, fostering a positive culture and prioritizing employee satisfaction emerge as key drivers for sustainable entrepreneurial success.

REFERENCES


