The Effect of Organizational Culture, Job Satisfaction on Entrepreneurship and Innovativeness in SMEs in Bogor City

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ABSTRACT

This study looks into the connections between innovation, entrepreneurship, work happiness, and organizational culture in Small and Medium-Sized Enterprises (SMEs) located in Bogor City. This study looks at the link between these factors utilizing a quantitative method in which SPSS is used. The results validate the hypotheses (H1 and H2) by demonstrating the strong influence of corporate culture on entrepreneurship and innovativeness. Furthermore, entrepreneurship and innovativeness are significantly positively impacted by job satisfaction, supporting hypotheses (H3 and H4). Moreover, H5 was supported by the finding that entrepreneurship was a major predictor of innovativeness. These results highlight the critical roles that job happiness and company culture play in encouraging entrepreneurial endeavors, which in turn boost SMEs' capacity for innovation. The study's conclusions offer useful advice to Bogor City's small business owners and managers, offering methods for enhancing worker happiness, creating a supportive workplace culture, and eventually encouraging innovation in SMEs.

Keywords: Entrepreneurship, Innovativeness, Job Satisfaction, Organizational Culture, SMEs

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1. INTRODUCTION

The idea of entrepreneurship is crucial to the functioning of the world economy. It embodies the spirit of creativity, the willingness to take chances, and the resolve to offer value in the business sector. In addition to starting a new company, entrepreneurship also refers to how people or organizations function, adapt, and innovate in a dynamic environment [1]–[3].

A growing small and medium-sized business (SME), a fledgling start-up, or a department or division within a large corporation with a culture that encourages innovation and experimentation are all examples of diverse scales at which entrepreneurship can be applied [4], [5]. Entrepreneurial firms aim to be change makers in their industry as well as survivalists in a cutthroat market [6].

The capacity to see prospective market possibilities and take the required steps to seize them is one of the most crucial components of entrepreneurship [7], [8]. This calls for originality in coming up with concepts, meticulous market analysis, and the capacity to create goods and services that not only satisfy but also surpass the demands and expectations of customers [9], [10]. In times of
fierce rivalry, this becomes even more crucial because these qualities distinguish prosperous businesspeople from the competitors, enabling them to provide distinctive value and take the lead in the market [11], [12].

As a result, it is crucial to recognize the significance of organizational culture in the context of entrepreneurship [13]. The basis for entrepreneurs' capacity to create solutions that differentiate them in this competitive market is a culture that fosters creativity, innovation, and risk-taking [14].

An entrepreneurially-friendly corporate culture fosters innovation and gives workers the confidence to take calculated risks in pursuit of new prospects [15]. A more open and fruitful exchange of ideas is made possible by this culture, which also promotes teamwork and efficient communication [16]. An adaptable organizational culture helps businesses be better equipped to face new difficulties in the setting of entrepreneurship, where change and adaptation are a part of daily life [17], [18].

In addition, an organizational culture that supports entrepreneurship can also create an internal drive for employees to innovate. They feel they have a greater role in creating new solutions and achieving business goals [19]. In other words, an organizational culture that encourages entrepreneurship can be a major factor in improving business performance and growth [13].

Along with that, the relevance of work personality in the context of entrepreneurial firms is also an element that should not be overlooked [20]. High job satisfaction of employees in entrepreneurial firms has a significant positive impact on productivity, innovation and overall organizational growth [21]. Employees who are satisfied with their jobs tend to be more energized, committed and motivated to give their best [22].

Job satisfaction also affects employee retention. In entrepreneurial businesses, where employees' knowledge and skills are often highly specialized and valuable, retaining quality staff is key to sustainable growth [21]. By maintaining high levels of job satisfaction, companies can reduce employee turnover and save on training and recruitment costs associated with staff leaving [21], [22].

Furthermore, contented workers are more likely to actively participate in teamwork, exchange ideas, and support innovation inside the organization. In their opinion, they are more important in coming up with novel ideas and accomplishing organizational objectives [23]. Effective teamwork and creativity are essential components in an entrepreneurial business setting for adapting to shifting consumer needs and market shifts [24]–[26].

Innovativeness, or the capacity for coming up with original and unique solutions, is what propels entrepreneurial businesses' capacity to see possibilities, get past roadblocks, and produce competitively priced goods and services. Additionally, innovativeness makes it possible for startup businesses to react swiftly to shifts in the market [27], [28]. Being able to innovate fast and consistently is a huge competitive advantage at a time when consumer trends and tastes can shift drastically. Being innovative enables businesses to spot new markets and develop goods and services that successfully adapt to the needs of their evolving clientele [29], [30]. Given the fast-paced and volatile nature of the market, innovativeness becomes a critical differentiator for entrepreneurial enterprises.

Innovativeness makes it possible for start-up businesses to foresee client wants, spot emerging trends, and react quickly to changes in the market. This may involve creating brand-new goods or services to address issues that weren't previously recognized [31]. Being able to innovate quickly is essential for both preserving and growing market share in an environment of fierce competition.

2. LITERATURE REVIEW

2.1 Organizational Culture on Entrepreneurship

According to [32] and [33], organizational culture can influence employee motivation and
performance as well as enhance the capacity of aspiring entrepreneurs. According to the study’s findings, an entrepreneurially supportive workplace culture can foster values that encourage entrepreneurship, boost employee performance, help aspiring entrepreneurs realize their full potential, and strengthen their capacity for innovation [34]–[36]. Furthermore, a positive organizational culture can influence the environment within the company, inspiring employees to perform harder [37]. Therefore, it is important for organizations to create a culture that supports entrepreneurship and motivates employees to become entrepreneurs [38], [39].

2.2 Job Satisfaction on Entrepreneurship

Entrepreneurship and job satisfaction can influence each other. Several studies have shown that entrepreneurship education and entrepreneurial motivation can influence entrepreneurial interest [40]–[43]. Meanwhile, the more aspects of the job that match the individual’s desire, the higher the level of satisfaction felt. Some studies have also shown that job satisfaction can affect employee performance [44], [45]. Spiritual leadership and spiritual entrepreneurship in a company can increase employee job satisfaction [46]–[48]. In addition, job satisfaction can also affect the desire to leave a job [17], [22].

2.3 Entrepreneurship on Innovativeness

Entrepreneurship and innovation have a close relationship. Entrepreneurial knowledge and product innovation can influence business success [49]. In addition, entrepreneurial knowledge and innovation can also affect business sustainability [50]. Innovation and entrepreneurial traits can also have an impact on a company’s performance [51]. Furthermore, the success of MSME enterprises may also be impacted by creativity and innovation [52]–[54]. These studies’ findings suggest that innovation and entrepreneurship are critical to the sustainability and profitability of businesses [11]. To increase company performance and success, entrepreneurs must thus cultivate entrepreneurial traits and creativity in addition to having entrepreneurial knowledge and product innovation [55], [56].

2.4 Foundational Framework

A conceptual framework highlighting the relationships between job happiness, entrepreneurship, organizational culture, and innovativeness in SMEs is developed through a survey of the literature. The connections between these variables are depicted in Figure 1, which also highlights the possible mediating function of work satisfaction in the relationship between organizational culture and innovativeness/entrepreneurship.

![Figure 1. Conceptual and Framework](image_url)
3. METHODS

3.1 Design & Sample

In order to test the suggested links and respond to the research objectives, research design is crucial. This study uses a quantitative research approach, using IBM SPSS as the primary analysis method as the primary way of analysis. The sample was selected using a stratified random sampling technique to ensure representation from different sectors and geographical locations in Bogor City. The SME population was stratified by industry sector (manufacturing, services, agriculture, retail) and geographic location. An initial 200 questionnaires were distributed to SMEs, but only 150 returned. Table 1. Provides an understanding of the demographics of the research sample.

Table 1. Demographics of Respondents

<table>
<thead>
<tr>
<th>Business Experience</th>
<th>Frequency</th>
<th>%</th>
<th>Education Background</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 5 years</td>
<td>40</td>
<td>20.0%</td>
<td>Junior High School</td>
<td>5</td>
<td>2.5%</td>
</tr>
<tr>
<td>6 – 10 years</td>
<td>30</td>
<td>15.0%</td>
<td>Senior High School</td>
<td>25</td>
<td>12.5%</td>
</tr>
<tr>
<td>11 – 15 years</td>
<td>50</td>
<td>25.0%</td>
<td>Bachelor’s Degree</td>
<td>75</td>
<td>37.5%</td>
</tr>
<tr>
<td>16 – 20 years</td>
<td>20</td>
<td>10.0%</td>
<td>Master’s Degree</td>
<td>28</td>
<td>14.0%</td>
</tr>
<tr>
<td>&gt; 20 years</td>
<td>10</td>
<td>5%</td>
<td>Doctoral Degree</td>
<td>17</td>
<td>8.5%</td>
</tr>
<tr>
<td>Business Profile</td>
<td>Frequency</td>
<td>%</td>
<td>Total Employee</td>
<td>Frequency</td>
<td>%</td>
</tr>
<tr>
<td>Individu or Family</td>
<td>111</td>
<td>55.5%</td>
<td>1-5 employee</td>
<td>43</td>
<td>21.5%</td>
</tr>
<tr>
<td>CV</td>
<td>34</td>
<td>17.0%</td>
<td>6-20 employee</td>
<td>90</td>
<td>45.0%</td>
</tr>
<tr>
<td>Corporate or PT</td>
<td>5</td>
<td>2.5%</td>
<td>&gt; 20 employee</td>
<td>17</td>
<td>8.50%</td>
</tr>
</tbody>
</table>

Source: Results of data analysis (2023)

Based on Table 1, participants with < 5 years of business experience (20.0%) signify a group of newcomers and early-stage entrepreneurs, providing new perspectives but also facing different challenges related to early business development. Those in the 11 - 15 years category (25.0%) most likely represent established entrepreneurs with diverse experience, providing valuable insights into long-term sustainability and growth in the entrepreneurial landscape in Bogor City.

The diversity of participants' educational backgrounds was evident, with a small proportion of participants having completed Junior High School (2.5%), indicating a varied educational mix. The largest group, who had a Bachelor's degree (37.5%), signaled a sizable presence of formally educated entrepreneurs, which promises a diverse perspective that bridges academic knowledge and practical business experience in this study.

The predominance of participants affiliated with individual or family-owned businesses (55.5%) underscores the importance of family and individual entrepreneurship in the SME landscape in this study, highlighting the leading role of family-owned firms. Including participants associated with Commanditaire Vennootschap (CV) structures (17.0%) shows a diverse mix of business profiles, indicating the prevalence of collaborative entrepreneurial ventures in the sample. The small representation of Corporation or Limited Liability Company (PT) structures (2.5%) indicates the presence of larger, more formalized businesses, which hints at the potential unique challenges and opportunities associated with such entities in the study context.

Most participants (21.5%) operate with 1-5 employees, reflecting the prevalence of microenterprises in the sample, which may grapple with resource...
limitations while benefiting from agility and adaptability. The largest group (45.0%) with 6 to 20 employees covered a wide range of small to medium-sized enterprises, offering a nuanced exploration of organizational structures and strategies used by medium-sized enterprises. The smallest group (8.5%) with more than 20 employees represented larger-scale enterprises, providing insight into the dynamics of more established businesses facing challenges related to scalability, hierarchy and corporate governance.

3.2 Data Analysis

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. 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

4.1 Results

Table 2. Statistics Descriptive

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Deviation</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture Organizational</td>
<td>4.44</td>
<td>0.92</td>
<td>3.16</td>
<td>5.00</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>3.96</td>
<td>1.12</td>
<td>2.22</td>
<td>5.00</td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>4.25</td>
<td>0.92</td>
<td>3.63</td>
<td>5.00</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 Organizational</td>
<td>X1.1 - X1.8</td>
<td>0.628-0.828</td>
<td></td>
<td>Culture Organizational</td>
<td>8</td>
<td>0.861</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>X2.1 - X2.7</td>
<td>0.715-0.837</td>
<td>0.131</td>
<td>Job Satisfaction</td>
<td>7</td>
<td>0.769</td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>X3.1 - X3.6</td>
<td>0.812-0.862</td>
<td></td>
<td>Entrepreneurship</td>
<td>6</td>
<td>0.791</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.

Figure 2. multiple regression coefficient

The results of the multiple regression coefficient table are shown in Figure 2, and the following multiple regression equation is obtained: The equation leads to the conclusion that the independent variables (organizational culture and job satisfaction) have a considerable impact on entrepreneurship.

4.2 Discussion

The findings of this study contribute to the existing literature on organizational culture, job satisfaction, entrepreneurship, and innovativeness in SMEs. The supported hypotheses underscore the intricate relationships between these variables, providing nuanced insights into the specific context of Bogor City. High R-Square values and positive Q2 values further validate the robustness of the model in explaining and predicting entrepreneurial behavior and innovativeness in SMEs.

a. Organizational Culture

The positive influence of organizational culture on entrepreneurship and innovativeness is in line with previous research that emphasizes the important role of a positive and innovative organizational culture in encouraging employee creativity and initiative [30], [57]–[59]. This study reinforces the idea that fostering a culture that values flexibility, collaboration, and openness to new ideas can contribute significantly to entrepreneurial and innovative activities in SMEs.

b. Job Satisfaction

The strong positive relationship between job satisfaction and entrepreneurship and innovativeness corroborates previous studies highlighting the motivational and performance-enhancing effects of job satisfaction [22], [60], [61]. This research adds specificity to these general findings by demonstrating the particular relevance of job satisfaction in the context of SMEs in Bogor City, emphasizing its impact on entrepreneurship and innovation initiatives.
c. **Entrepreneurship and Innovativeness**

The positive relationship between entrepreneurship and innovativeness is consistent with the broader literature on innovation management, which often positions entrepreneurship as a driver of organizational innovation [58], [62]–[65]. These findings underscore the interconnected nature of these constructs, suggesting that SMEs that actively engage in entrepreneurial activities are more likely to exhibit higher levels of innovativeness.

4.3 **Integration with Previous Research**

Although this study is specific to SMEs in Bogor City, the generalizability of the findings is supported by their alignment with broader trends observed in the global literature on organizational culture, job satisfaction, entrepreneurship, and innovativeness. The positive relationships identified here align with studies conducted in diverse cultural and economic contexts, which reinforce the universality of certain organizational dynamics [66]–[68].

This research contributes to addressing the research gap in the SME literature, particularly in the context of Bogor City. Although existing research often focuses on large firms, the specific challenges and opportunities inherent to SMEs, such as resource constraints and agility, require special attention [35], [69]–[71]. The findings of this study provide valuable insights for SME owners, managers, and policymakers who want to improve organizational effectiveness and innovation within the sector.

4.4 **Implications**

**a. Managerial Implications:**

1. Cultivating Positive Organizational Culture: Managers should focus on cultivating a positive organizational culture characterized by flexibility, collaboration, and openness to innovation.

2. Employee Satisfaction Initiatives: Prioritizing employee satisfaction through initiatives such as flexible work arrangements, recognition programs, and skill development can contribute to increased job satisfaction, entrepreneurship, and innovativeness.

3. Strategic Focus on Entrepreneurship: Recognizing the positive impact of entrepreneurship on innovativeness, managers can strategically focus on promoting a culture that encourages entrepreneurial behaviors.

**b. Policy Implications:**

1. Support for Entrepreneurship: Policymakers can design programs that support and incentivize entrepreneurship within SMEs, recognizing its positive effects on innovation and economic growth.

2. Promotion of Job Satisfaction: Policies that encourage employee well-being and job satisfaction can contribute to a more innovative and entrepreneurial small business ecosystem.

5. **CONCLUSION**

This research contributes to the understanding of organizational dynamics within SMEs by revealing the significant influence of organizational culture and job satisfaction on entrepreneurship and innovativeness. The supported hypotheses,
high R-Square values, the robustness of the proposed model. The findings underscore the importance of fostering positive work environments and prioritizing employee satisfaction to enhance entrepreneurial initiatives and drive innovation within SMEs. As SMEs play a vital role in economic development, the implications of this research extend to both academic discourse and practical applications, offering valuable guidance for managers and policymakers seeking to promote a thriving entrepreneurial ecosystem.

The research on the influence of organizational culture and job satisfaction on entrepreneurship and innovativeness in SMEs in Bogor City is limited. However, there are related studies that provide insights into the relationship between organizational culture, job satisfaction, and other factors in small and medium-sized enterprises (SMEs). For example, a study in Vietnam found that organizational culture positively impacts employees' satisfaction, and job satisfaction significantly influences organizational commitment. Another study in Bogor City explored the linkages between employee engagement, motivation, satisfaction, and retention in entrepreneurial enterprises within the beverage MSME industry, suggesting that businesses could benefit from investing in strategies to enhance employee engagement and satisfaction. While these studies do not directly address the specific research question, they offer valuable information that can be relevant to the topic.

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