

STRENGTHENING THE ORGANIZATIONAL CULTURE OF MSMEs ON THE KARIMUN COAST TO IMPROVE BUSINESS PERFORMANCE AND SUSTAINABILITY

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Abstract

MSMEs in the area coast play significant role in jack up economy local , but Still face a number of problem in management business , especially related with weakness culture organization . Activities devotion to public This aim For strengthen tradition organizations in coastal MSMEs Beach Karimun use repair performance And sustainability business . The method used is a participatory approach through outreach, training, and mentoring for 35 MSMEs. Data collection was conducted through observation, interviews, and questionnaires before and after the intervention. The results of these activities showed an improvement in organizational culture elements, such as work commitment, internal communication, operational discipline, and business innovation. This improvement impacted business performance, as seen through increased turnover, an increase in the number of customers, and product development. In addition, MSMEs also demonstrated a better ability to adapt to changes in the business world, thus supporting business continuity. Thus, strengthening organizational culture through community service programs has proven to be an effective strategy in improving the performance and sustainability of MSMEs in coastal areas .

Keywords: organizational culture, coastal MSMEs, business performance, sustainability, Karimun

1. INTRODUCTION

MSMEs are foundation main Indonesian economy , especially in the regions very beautiful coast depends on source Power sea . Regency Karimun as area archipelago own opportunity significant economic impact , but face various challenge like lack of access market , capacity low managerial , and weakness culture organization in manage business . According to (Fahmi , 2016) in (Agustin, 2020) mention that culture organization is something habits that have been lasts a long time and used as well as implemented in life activity Work as Wrong One driver For increase quality employee work And manager In MSMEs , organizational culture is often disorganized due to the influence of private ownership and a family-based business approach. This condition results in a lack of operational consistency, limited innovation, and weak business resilience to changes in the market environment.

Previous research has shown that organizational culture has a positive and significant influence on MSME performance (Setiawati et al., 2021) and (Pengemanan et al., 2023) . This is because organizational culture functions as a system of values, norms, and habits that determine work methods, communication patterns, and decision-making in business. With a strong organizational culture, MSMEs tend to demonstrate consistency in work activities, discipline in operations, and offer better service standards, all of which contribute to increased efficiency and productivity. Furthermore, organizational culture also serves to increase commitment and work motivation through a sense of ownership, thus resulting in increased responsibility and loyalty to the business.

A good organizational culture also influences business sustainability (Andra et al., 2024) , (Surya et al., 2025) . A positive organizational culture plays a crucial role in business sustainability because it forms the foundation for shaping a company's behavior, values, and long-term strategies. A strong culture fosters dedication, discipline, and consistency in operations, supporting a stable and efficient business. Furthermore, a flexible and change-ready organizational culture enhances businesses' ability to respond to market changes, such as fluctuations in consumer demand, competition, and technological advancements. A culture that focuses on innovation also provides opportunities for MSMEs to continuously update products and services to remain relevant, a key factor for sustainability. MSMEs in the coastal area of Karimun still face several challenges, including a lack of knowledge about organizational management, low levels of operational discipline, minimal product and marketing innovation, and a heavy reliance on conventional business methods. This situation indicates that business management is not yet

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optimal and responsive to market changes. Therefore, community service programs are needed that emphasize strengthening organizational culture as a strategy to improve performance and support the sustainability of coastal MSME businesses.

2. IMPLEMENTATION METHOD

The method applied in this process is a participatory approach that focuses on community service by combining qualitative and quantitative techniques. This approach was chosen to provide comprehensive insight into the actual conditions of MSMEs on the Karimun Coast and to enable direct action through learning and mentoring activities. Participants in this activity consisted of 35 MSMEs operating in the fields of seafood processing, culinary, and coastal crafts. Information was collected through direct observation, in-depth interviews, and the distribution of questionnaires before (pre-test) and after (post-test) the activity to assess changes in organizational culture and business performance. The implementation of the community service activities was carried out through several main stages, namely:

- 1) Counseling, which takes the form of providing information regarding the significance of organizational culture in improving business performance and sustainability, as well as identifying challenges faced by MSME actors.
- 2) Training, which includes strengthening value-based business management, developing communication within the organization, as well as product innovation and marketing strategies.
- 3) Mentoring, namely the process of implementing organizational cultural values in daily business activities, accompanied by regular monitoring and evaluation.

Data analysis was conducted using quantitative descriptive methods to assess changes in organizational culture scores and business performance, as well as qualitative analysis to explore the dynamics of changes in the behavior and perspectives of MSMEs. The findings from this analysis were used to evaluate the effectiveness of the community service program and identify factors that support and hinder the success of strengthening organizational culture in improving the performance and sustainability of MSMEs in coastal areas .

3. RESULTS AND DISCUSSION

The results of the community service program for 35 micro, small, and medium enterprises (MSMEs) on the shores of Karimun Beach revealed that the majority of participants were in the productive age category, with a proportion of 43% aged between 36 and 50 years, followed by 34% in the age range of 20 to 35 years, and 23% aged over 50 years. This data shows that MSMEs have sufficient experience in running their businesses, although there is still a need for capacity building, especially in the aspect of organizational management. Regarding the length of business operations, most MSMEs have been operating for a period of 1 to 7 years, which indicates that the business is still in the growth phase and requires strengthening the organizational system to achieve sustainable progress. This situation is a crucial basis for intervention through community service programs that focus on strengthening organizational culture. The implementation of the community service program through outreach, training, and mentoring demonstrated significant changes for MSMEs. Pre- and post-implementation measurements demonstrated improvements in organizational culture, including work commitment, internal communication, operational discipline, and business innovation. These changes directly impacted business performance, as evidenced by increases in turnover, customer base, and product variety. These findings demonstrate that a participatory approach to community service can drive changes in the mindset and behavior of MSMEs toward more organized and professional business management.

Table 3.1.
Age Profile of Coastal MSMEs

Category	Amount	Percentage
Age 20-35 Years	12	34%
Age 36-50 Years	15	43%
Age >50 Years	8	23%

The results of community service activities indicate that strengthening organizational culture contributes positively to the performance of MSMEs in coastal areas. Organizational culture functions as a value system that shapes work ethics, communication methods, and decision-making processes within a business. This finding aligns with a study conducted by (Dewi & Damayanthi, 2023) which showed that organizational culture has a positive and significant impact on MSME performance, where better implementation of organizational culture will result in

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improved business performance. Furthermore, organizational culture also contributes to improving the professionalism and work quality of MSME actors. (Agustin, 2020) stated that organizational culture can create a comfortable work atmosphere, increase dedication, and encourage employees to contribute better, which in turn influences improved business performance.

From a business sustainability perspective, organizational culture plays a role in building resilience and the ability of MSMEs to adapt to changes in the business environment. A resilient culture encourages business actors to continuously innovate, improve product quality, and respond quickly to market changes. (Lestari *et al.*, 2021) reinforce this by stating that organizational culture contributes to improved business performance and competitiveness of MSMEs, which are essential foundations for long-term business sustainability. (Kurniawan *et al.*, 2025) indicate that the combination of organizational culture and innovation can strengthen the commitment and performance of MSMEs, which in turn supports long-term business sustainability.

Table 3.2
Length of Coastal MSME Business

Category	Amount	Percentage
Year Business	5	14%
Year Business	10	29%
Years Business	8	23%
Years Business	4	11%
Business >10 Years	8	23%

Activity Photos



4. CONCLUSION

Based on the results of the community service program conducted with MSMEs in Karimun Beach, it can be concluded that strengthening organizational culture through outreach, training, and mentoring has a positive impact on improving business performance and sustainability. This initiative has successfully increased MSMEs' understanding of the importance of organizational values and encouraged changes in work behavior that are more disciplined, structured, and professional. These improvements are evident in various aspects, such as work commitment, communication within the organization, operational discipline, and business innovation, which directly contribute to better performance, including increased turnover, number of customers, and product diversification. Furthermore, strengthening organizational culture also improves MSMEs' ability to adapt to changes in the business environment, thus helping their business sustainability in the long term. Therefore, organizational culture can serve as an effective strategy to increase the competitiveness and resilience of MSMEs, especially in coastal areas, thus requiring continuous efforts from business actors as well as support from the government and stakeholders in strengthening the capacity and providing ongoing mentoring for MSMEs.

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