

The Relation Between the Cultural Environment of an Organization and its Commitment to Goals

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Abstract:- This study's objective is to comprehend managerial style, organizational dedication, and individual traits of cooperative managers. As a cornerstone of Indonesian economy, cooperatives are becoming less favorable in comparison to other economic actors like state-owned enterprises (SOEs) and private businesses. Strengthening the national economy, in which the majority of participants are economically poor, is one of the goals of Indonesia's cooperatives. This study attempts to comprehend how human resources run a cooperative and to provide appropriate solutions based on organizational culture components that align with regional circumstances. SEM-PLS was used for the analysis after a questionnaire was used to gather the data. The findings demonstrate that organizational commitment and culture were highly influenced by individual traits. Company commitment was not, however, significantly impacted by company culture. According to this study, To be able to strengthen organizational dedication, it is imperative to enhance organizational culture by emphasizing values of mutual cooperation. In terms of human traits, cooperative managers and management with uplifting dispositions, moral principles, and cooperative mindsets must dedicate themselves to the cooperative's prosperity. Sustaining the existence of cooperatives is crucial in the face of aggressive market penetration by private commercial entities.

Keywords:- SEM, Individual Features, Organizational Commitment, Organizational Culture.

I. INTRODUCTION

Cooperatives, as one of the economic actors, continue to experience degradation compared to the development of the private business sector and State-Owned Enterprises (SOEs). They are expected to be more capable of playing a role in the economic development to drive a strong and independent people's economy. However, they are even left behind by other economic actors such as the private and SOE sector [1]. It is evident in the imbalance between the sectors mentioned above in dominating the economy in Indonesia [2]. The ability to compete in the cooperative sector is quite difficult in facing the aggressiveness of the private sector.

The government keeps supporting any effort to help the cooperatives to become the economic pillars in Indonesia. It is done by increasing the cooperatives' capacity of human resources, such as through trainings in *Balatkop* [3]. Specifically, in the province of North Sulawesi, the Micro, Small and Medium Enterprises (MSME) and Cooperatives

Agency is asked to continue to empower the MSME human resources through their participation in the implementation of education and training in the *Balatkop* of Manado [4]. In addition, there are also efforts to encourage the society to love or have an interest in the cooperatives which are done by Dekopin of North Sulawesi [5]. However, behind these efforts, according to the former Head of MSEM and Cooperative of North Sulawesi – Mr. Sanny Parengkuan, 60% of a total of 5.300 cooperatives in North Sulawesi failed to continue because of frequent disputes between management [6].

There are challenges and obstacles faced by the cooperatives to develop, especially in institutional aspects such as trust, poor member participation, less functioning organizational equipment, and inadequate supervision and business aspects. The business which has not been able to take opportunities properly is caused by poor quality and commitment of managers, inadequate business facilities and weak capital [7]. Although this opinion was stated almost two decades ago, but to date, the current condition is not much different.

II. THEORITICAL FRAMEWORK

A. Individual Characteristics

Values are guidelines and beliefs that a person uses when dealing with a decision-making situation [13]. They are used as a basic reason for doing certain acts or in certain conditions which are more socially preferred than the opposite way [16]. They are related to attitudes, where they help as a way to regulate attitudes. In relation to decision making, values can be implemented in efforts to set goals, develop and choose alternatives [13]. Implementation of the cooperatives' values is reflected in the principles of cooperatives as an embodiment of the identity of cooperatives [17], [14], a guide to achieving the goals [18] and a guide in the implementation of the cooperatives' values into daily living practices [14].

Attitudes are mental states that are learned and organized through experience, producing a specific influence on one's response to other people, objects, and related situations [13]. It is a positive or negative feeling directed at a goal [19]. It represents an evaluative statement, both pleasant and unpleasant, towards any object, individual or event [16].

B. Organizational Culture

Organizational culture is interpreted by many researchers according to different backgrounds and contexts. There seems to be no consensus among researchers as to the exact definition for the construct of organizational culture [20]. Therefore,

there are several opinions that form the basis of this paper. Organizational culture is an arrangement of shared meanings, implicit assumptions that are accepted as is held by a group and determine how they perceive, think and react about various things in their environment [21]. It has been viewed as a collection of standards, values, and presumptions that members of the organization share. [22]. It refers to the shared meaning of a system owned by members which distinguishes one organization from another [12]. Nevertheless, no definition of organizational culture can be used universally [23].

This study used the managers and management of cooperatives as the research object. Therefore, the definition of organizational culture used is based on an opinion [24] It claims that managers can utilize organizational culture as a crucial tool to directly represent the organization and the values and behaviors that form all organizational behavior. In order to accomplish their intended aims, organizations adhere to the underlying norms, practices, and morality as well as specific traditions. [25], and organizational culture continues to be a crucial component of management concepts. [26].

However, organizational culture can be implemented by understanding the values believed by the organization. These cultural principles manifest themselves in a variety of ways, including four distinct cultural types: market, adhocracy, clan, and hierarchy. [27]. Additionally, organizational culture is divided into four categories based on two dimensions: socialization and solidarity, and the categories include mercenary, fragmented, network, and communal cultures [28]. Conversely, organizational culture has seven primary features, according to [12]: 1) Innovation and taking chances; 2) Detail-oriented; 3) People-oriented; 4) Team-oriented; 5) Aggressive; and 6) Stability-oriented.

C. Organizational Commitment

An organization that is committed to all members to carry out their duties and work within a certain period of time will inevitably achieve their pre-determined goals. It is because people who have commitments tend not to stop and accept work [13]. In general, commitments can be identify on five universal forms related to work commitments: 1) Protestant work ethics (PWE); 2) dedication to one's job; 3) engagement in one's work; 4) affective organizational commitment; and 5) ongoing organizational commitment [29]. Although alternative concepts had been proposed by other researchers, there are three dimensions developed and they are more widely accepted [30]: affective, normative, and ongoing commitment [31].

Organizational members or managers who are committed to the work unit will show positive attitudes and behavior and tend to maintain their membership as a form of pride in the work unit that is considered capable of meeting their expectations. The result of this culture is to emphasize the existence of work ethics that every employee needs to have. [32] The managers tend to like work and get satisfaction from it. They have a stronger commitment to the work unit and its objectives. Commitment will also remain as a form of loyalty. Work units or organizations with a culture that is strongly

oriented towards human relations are characterized by a concern for commitment [33]. Most commonly, organizational commitment is described as follows: (1) a strong desire to stay in a certain organization; (2) a readiness to make significant efforts on the organization's behalf; and (3) a conviction in the acceptance, values, and objectives of the organization. [34].

Cooperatives are faced with a problem of increasing organizational commitment from their members [35]. The member commitment to their cooperatives is an important issue. In addition to being able to reduce the “free rider”, it also becomes a binder that allows business membership and volume to be maintained, even if the business climate is uncertain or changing [36]. Organizational commitment is giving individual contributions to the organization. It is based on three dimensions developed by Meyer and Allen which consist of: 1) Affective commitment is the identification, emotional connection, and participation with the organization; 2) Normative commitment, which is the conviction that staying in the company is required and that the course of action is morally correct, and 3) continuing commitment, which is based on losses associated with the dismissal of personnel from the organization. [34].

Below are several hypotheses that can be proposed in research:

H1: Organizational culture and individual traits are strongly and positively connected.

H2: Individual traits and organizational commitment are significantly and favorably correlated.

H3: The commitment and culture of a company have a strong, beneficial relationship.

III. METHODS

This present research was classified as a correlational survey (“ex post facto”) study. It was a survey study because this study generalized the population based on research samples from the population [37], [38], [39]. It was a correlational study because the referred description, interpretation, hypotheses testing and conclusion were used to determine whether the observed variables had a certain relationship as proposed theoretically earlier. It was an “ex post facto” study because there was no manipulation or control of the variables observed and the events had occurred. This research was conducted in several types of cooperatives such as Village Unit Cooperatives, Civil Servants Cooperatives, and other Functional Cooperatives in Manado.

The management and managers of the 900 cooperatives in Manado comprised the study's population. [40]. However, most of the cooperatives registered at the MSME Agency of Manado were no longer in operation. Therefore, based on a survey conducted by researchers, it was found that only 31 cooperatives which were still active. Thirteen managers and cooperative management participated in this study in total. PLS-SEM was used to analyze the data because it met the minimal sample requirement of 30 respondents [41]. A five-point Likert scale questionnaire with two items for each of nine indicators from strongly disagree to strongly agree was used to gather the results.

IV. RESULTS AND DISCUSSION

The two models used in the SEM analysis were the outer and inner models. The value of outer loading for reflexive

indicators and outer weight for formative indicators expressed the weight of each indication as a measure of each latent variable. The indicator having the largest outer loading or outer weight was used to measure the strongest variable, or dominating.

TABLE I. STRUCTURAL MODEL OF PLS-SEM: DIRECT EFFECT

No.	Variables Relationship			conclusion
	relationship	coefficient	P-Value	
1.	Individual characteristics towards organizational culture	0.593	<0.000	has a noteworthy and favorable impact
2.	Interesting characteristics towards organizational commitment	0.488	<0.031	has a notable and favorable impact
3.	Organizational commitment and its culture	0.214	<0.374	Has a positive and insignificant effect

^aData processing result.

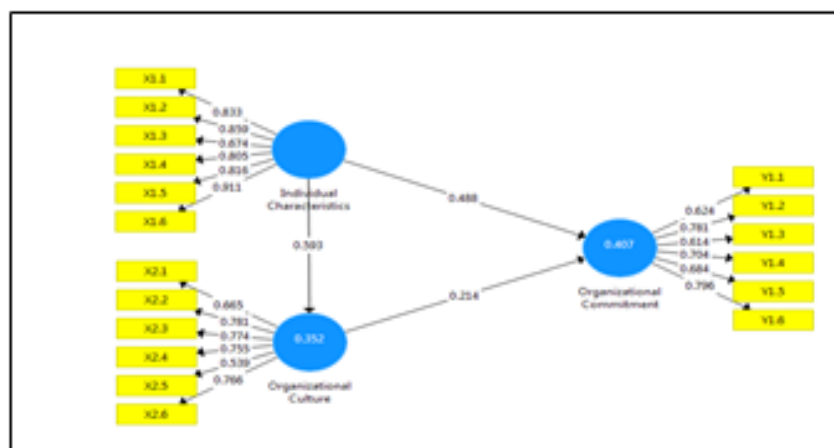


Fig. 1. Result of SEM-PLS Analysis.

Table 1. and Figure 1. show the findings of the investigation of the structural model's direct effect, along with the following justification: (1) The structural coefficient for the relationship between individual traits and organizational culture is 0.593, with a P-value of less than 0.000. Thus, it may be said that there is a noteworthy and favorable influence. as the P-value is < 0.05. This indicated that a high or low level of individual characteristics could influence the high or low level of organizational culture. Consequently, it is possible to validate the theory that claims that individual traits and corporate culture have a strong and positive relationship; (2) The structural coefficient and P-value of the relationship between individual traits and organizational commitment are 0.488 and <0.031, respectively. Consequently, it may be said that there is a considerable influence as the P-value is < 0.05. This implied that individual characteristics may have a large or low impact on the amount of organizational commitment. Consequently, it is possible to support the hypothesis that claims that individual traits and organizational commitment have a substantial and positive relationship; and (3) The structural coefficient and P-value for the relationship between organizational culture and organizational commitment are 0.214 and <0.374, respectively. Thus, it may be said that there isn't much of an impact as the P-value is > 0.05. This suggested that a stronger organizational commitment level would not follow from a higher organizational culture level. Therefore, there is no evidence to support the idea that suggests there is a

substantial, positive association between organizational culture and organizational commitment.

Individual characteristics were an inseparable part of individual behavior which was reflected through personality [12]. They were inherited and described the abilities, skills, experience and background existed in each individual [42]. The individuals who joined an organization carried the organization values and became part of their character. These values were used a basis for understanding the attitudes and motivations. They influenced the individuals' perspectives and simultaneously affected their attitudes and behavior when they joined an organization [12]. The values and beliefs possessed by individuals could lead to a success in organizations [34].

Referring to an opinion [22] stating that organizational culture was a set of values, it could be concluded that it could be used as a basis to provide indirect justification that individual characteristics had a relationship with organizational culture. It was because the individual characteristics were parts of leadership, and leadership actually created the organizational culture [43]. In the beginning of the process of creating culture [21], leadership and culture were interconnected [44]. Thus, the individual characteristics were implicitly related to the organizational

culture through the values and beliefs of members and leaders of organizations.

This study found that individual characteristics influence organizational commitment. The present study's findings are consistent with those of [45], which found a correlation between individual traits and organizational commitment. Furthermore, a study [46] discovered a mediating association between job satisfaction and individual traits and organizational commitment. This strengthened a theory which explained that individual characteristics were certain characteristics possessed by an individual who distinguished them from others and could be seen from the personality traits, values and attitudes as basic abilities that affected his/her behavior in the workplace [12]. The behavior in the workplace was manifested as organizational commitment in the form of affective, normative and sustainable commitments [47]. The individual characteristics influenced by individual factors could strengthen the affective organizational commitment [48]. In a different perspective where the individual characteristics were manifested in the leaders' behavior, there was a study which found that Affective, normative, and sustained organizational commitment were positively correlated with the leadership used in the organization. [49].

It was discovered that organizational commitment was not significantly impacted by the culture of the organization. It is not in line with a previous research [50] They discovered that organizational commitment was influenced by organizational culture. These different research findings indicated that one organizational culture might not be applicable in other places. There was also common misconception which assumed that all organizations had the same culture [51].

Each organization had different organizational culture due to differences in philosophies, norms, rules, organizational climate and dominant values. Therefore, it underlay that an organization had a strong or a weak culture. This present study was done in 31 (thirty-one cooperatives) and it was obvious that each of them had different cultural characteristics. The findings of this inquiry, however, are in line with an organizational culture study [48], which demonstrated that organizational psychology research was still mapping the elusive relationship between organizational culture and organizational commitment. Moreover, an earlier study [52] showed how fundamental inquiries into the nature and perception of an organization helped the research community to build a new language on organizational culture. This gave researchers a thorough grasp of how the organizational culture is currently doing as well as recommendations for how to manage organizational change.

V. CONCLUSION

This study can be used to draw a number of conclusions, including the following: 1) cooperative management and the individual traits of managers has an impact on corporate culture and organizational commitment; and 2) organizational culture of cooperatives did not affect managers' and cooperative managers' organizational commitment.

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