

Correlation Study of Organizational Culture with Environmental Performance of Small and Medium Enterprises in East Java, Indonesia

Fajar Purwanto, Slamet Riyadi, I Dewa Ketut Raka Ardiana

Faculty of Economics and Business, Universitas 17 Agustus 1945 Surabaya

Abstract

The development of the business world today has triggered the emergence of micro, small and medium businesses that exist in the global economy and offer a variety of food and beverage products that vary based on the market. This indirectly triggers competition between business actors and has the potential to trigger environmental damage if not taken seriously. This also increases the risk of environmental damage around the business location and environmental damage throughout Indonesia. Some efforts that can be made to overcome this are by implementing organizational culture at the business level. This study aims to analyse the relationship between organizational culture and environmental performance within small and medium enterprises in East Java. The type of research used is causal research. The research sample was as many as 400 respondents who fulfilled the research criteria. For the sampling technique, probability sampling was used with a cluster random sampling approach. The variables in this study are organizational culture and environmental performance. The data collection technique used in this study was a questionnaire. The data analysis method used in this research is descriptive statistics, classical assumption test, path analysis, F test and coefficient of determination test. Based on the results of the study, it can be concluded that there is no correlation between organizational culture and environmental performance in small and medium enterprises in the East Java region with a critical ratio (CR) value of 1.011 (smaller than 1,96) and a significance value (p-value) of 0,312

Keywords : Organizational Culture, Environmental Performance, Micro and Middle Business

Introduction

The economic developments that have occurred in Indonesia after the Covid-19 pandemic have begun to show quite significant increases. This is characterized by the increasing number of business actors involved in economic activities, either centralized in an area or operating individually (Putri & Aufa, 2022). The economic developments that occur in Indonesia, apart from being felt by the business actors themselves, also have an impact on society as consumers. It is becoming easier for people to access various products such as food, drinks and other necessities (Suharlina, 2020). On the other hand, economic developments occurring in Indonesia indirectly have the potential to cause disruption to the environment around humans themselves (Sabuhari et al., 2020). Environmental performance is often a hot issue that is interesting for discussion and study considering that environmental performance is often impacted by various economic activities carried out and carried out by humans. The impact that is often found due to economic activities is a decline in environmental conditions and even environmental damage (Pratiwi & Indrajaya, 2019)

One sector that is often identified as causing disruption to environmental conditions is small and medium businesses (Windusancono, 2021). Small and medium businesses are a group of business actors who agree to collaborate in economic activities and are located in an area where the area is bound by rules and agreements that must be carried out by every business actor involved in it (Wahyuningsih et al., 2019). Small and medium businesses are identified as one of the sectors that cause a decline in environmental performance, possibly because the activities owned by small and medium business actors are not yet able to fully control every economic activity they carry out. For example, small and medium businesses that focus on food and beverage businesses. It is often found that rubbish is scattered in the environment where small

and medium businesses are located. Used plastic waste from food and drink packaging that is not disposed of in the trash bins provided has the potential to cause a decrease in existing environmental performance. This condition will be further exacerbated when small and medium business actors only focus on the profits obtained without paying attention to the management of the small and medium business environment itself (Ratnawati et al., 2020).

The facts in the field are that it is often found that small and medium business actors do not pay attention to the products they sell and the packaging used for their products for various reasons, such as decreasing profits or difficulties in carrying out various product innovations that can support maintaining a good environment. This will indirectly impact existing environmental conditions. This condition is also often triggered by the absence of integrated waste management in small and medium businesses. Conditions like this that continue continuously have the risk of causing a decline in environmental performance, such as the unattractive environmental conditions of existing small and medium businesses, the condition of small and medium business areas that look dirty and rundown, and the appearance of unpleasant odors due to used food and drink waste

The indifference of small and medium businesses to waste and the conditions around small and medium businesses are factors that trigger environmental damage. Based on SIPSN (National Waste Management Information System) data from the Ministry of Environment and Forestry of the Republic of Indonesia, the volume of waste generation in Indonesia in 2022 will reach 19.45 million tons. This figure decreased by 37.52% from 2021 which was 31.13 million tons. Based on type, the majority of national waste generation in 2022 will be food waste with a proportion of 41.55%. Then plastic waste is in second place with a proportion of 18.55%. Based on the province, the largest waste generation in 2022 will come from Central Java, namely 4.25 million tons or 21.85% of the total national waste generation. Its position is followed by DKI Jakarta with total waste generation of 3.11 million tons, East Java 1.63 million tons, and West Java 1.11 million tons. Waste generation that is not handled properly can have a negative impact on the environment and public health. This condition is further exacerbated by a number of global reports which state that Indonesia is among the world's largest producers of plastic waste and food waste (Menlhk, 2023). For East Java Province, it is reported that the amount of waste generated in 2022 will reach 1,350,541.08 tons from all areas in East Java Province. Malang City is one of the highest waste contributing cities during the period 2022, reaching 279,148.37 tons with daily waste generation of 764.79 tons every day. The Ministry of Environment and Forestry of the Republic of Indonesia also reported that the largest contributors of waste in Indonesia were households with a total of 2,356.1 (37.6%) tonnes and the lowest contributors of waste were from other sectors, namely 207.5 (3.3%) tonnes (Menlhk, 2023).

The development of small and medium businesses in Indonesia who focus on food and beverage products, apart from providing convenience for consumers, also has the potential to trigger environmental damage if not anticipated early. The packaging of food and beverage products, whether made of plastic, strerefoam, or others, is a problem in itself that must be addressed immediately (Ihsani et al., 2021). Plastic waste originating from food and beverage products is often the dominant waste in various landfills throughout Indonesia. Accumulation of plastic waste that occurs without control has great potential to trigger disruption and damage to the environment. When the environment around small and medium businesses begins to decline and even experience damage, the first impact that can be felt is a decrease in interest from visitors to existing small and medium businesses (Rahmayani & Aminah, 2021). Many consumers often use the environment around small and medium businesses as a benchmark for the products sold by small and medium businesses. When consumers encounter rubbish scattered around and even causing air pollution, consumers tend to choose to avoid areas where small and medium businesses are located. When consumers are reluctant to visit small and medium business areas, it is certain that the amount of income owned by small and medium business actors will also decrease (Seto & Kamaluddin, 2023). Accumulation of waste that occurs as a result of ineffective waste management also has the potential to cause health problems for small and medium businesses and the community around small and medium businesses (Widjaja & Lovianda Gunawan, 2022)

Poor environmental performance is basically influenced by many factors (Ihsani et al., 2021). Research conducted by previous researchers found a correlation between environmental performance and organizational culture. When small and medium business actors no longer hold firm and leave a system that is mutually agreed upon as a differentiator from other business actors, it is certain that a decline in environmental performance will soon occur. Conditions like this that are not immediately handled and

controlled appropriately have the potential to trigger worse impacts such as environmental damage. The worst impact that can be experienced is the closure of businesses owned by small and medium businesses because the businesses they run no longer make a profit due to the low number of visits and consumer interest in utilizing the various products provided by small and medium businesses (Sorongan et al., 2022). When small and medium business actors do not have a long-term strategic plan, especially regarding the efforts that must be made to maintain the environmental conditions around them, then it is certain that the business they are running has the potential to trigger environmental damage or environmental deterioration (Mujanah & Aini, 2020).

The environmental damage that is currently occurring is at a dangerous stage and requires serious handling efforts from all parties. The environmental damage that occurs in Indonesia due to the accumulation of plastic waste has led policy makers in Indonesia through the Ministry of Environment and Forestry of the Republic of Indonesia to issue regulations regarding the national ban on the use of single-use plastics, starting with the issuance of Regulation of the Minister of Environment and Forestry Number P.75/MENLHK/SETJEN/KUM.1/10/2019 about the manufacturer's waste reduction roadmap (Kementerian Lingkungan Hidup dan Kehutanan, 2019). This regulation is also the beginning of a movement to limit the use of several processed plastic products such as plastic sachets, plastic straws, plastic bags, containers and disposable cutlery which must be implemented by business actors in running their business. The emergence of regulations governing waste restrictions has an indirect impact on small and medium businesses, especially those operating in the food and beverage sector. Many small and medium business actors have complained about the policies taken by the government in overcoming the problem of environmental damage that occurs in Indonesia

Regulations issued by the Indonesian government force every existing small and medium business actor to be able to adopt the regulations in place to continue to be able to exist and run the business they own. One of the real efforts that can be made by small and medium business actors is by forming an organizational culture where every small and medium business actor involved in it must submit and comply with mutually agreed agreements and rules. When small and medium business actors agree to implement an organizational culture in the locations and businesses they own, this will indirectly become an attraction for consumers. The increasingly attractive and unique organizational culture implemented in small and medium businesses will also indirectly be an added value for small and medium businesses themselves. When small and medium business actors have the desire to survive with all the rules and regulations imposed by the government and have a strong commitment to organizational culture, then small and medium business actors will be able to motivate themselves and the people around them to be able to adopt any changes that occur in order to maintain the current business. Furthermore, small and medium business actors must also ensure that the agreed organizational culture emphasizes environmental sustainability to maintain the business they are running (Rahadianto et al., 2022).

This research aims to analyze the relationship between organizational culture and environmental performance in small and medium enterprises in East Java, Indonesia

Materials and Methods

The type of research used is causal research. The target population in this research is all small and medium business actors in East Java, while the access population is small and medium business actors who are registered with the East Java Province Cooperative and SME Service and have business legality of 862,450 small and medium business actors. . The sample in this research was determined using the Slovin sample formula so that the number of research samples used was 400 respondents. The sampling technique used is probability sampling with a cluster random sampling approach. The determination of which cities/regencies in East Java will become clusters in this research is based on the achievements of the Regional Revenue Budget (BI, 2022). Based on the highest regional income budget achievements, respectively, the locations for this research are Surabaya City (15,650 business units), Malang City (39,722 business units) and Sidoarjo Regency (15,730 business units). Based on the formula for determining the sample size above, 88 business units will be taken from Surabaya City, 224 business units from Malang City and 88 business units from Sidoarjo Regency. The variables in this research are organizational culture and environmental performance. The data collection technique in this research uses a questionnaire. The data analysis methods used in this research are descriptive statistics, classical assumption test, path analysis, F test and coefficient of determination test.

Result

1. Characteristics of small and medium business actors in East Java Province

Table 1. Characteristics of small and medium business actors in East Java Province, Indonesia

No	Characteristic Data	Amount	Percentage
1	Gender		
	- Man	276	69
	- Woman	124	31
2	Age		
	- Gen Z (20-29 years old)	28	7
	- Gen Y (30-39 years old)	76	19
	- Gen X (40-49 years old)	128	32
	- Baby boomers (>50 years old)	168	42
3	Educational background		
	- Diploma / Bachelor's degree	73	18,25
	- Top level education	226	56,5
	- Secondary level education	101	25,25
4	Number of employees		
	- 1 employee	152	38
	- 2-4 employees	144	36
	- 5-19 employees	72	18
	- ≥ 20 employees	32	8
5	Internet Use		
	- Using the internet	176	44
	- Doesn't use the internet	224	56
6	Type of business		
	- Food	184	46
	- Drink	134	33,5
	- Food and drink	82	20,5
7	Ownership of business legality		
	- Have business legality	274	68,5
	- Doesn't have business legality yet	126	31,5

Source: Primary data, 2023

From the results of the research conducted, it was found that the majority of research respondents were men, namely 276 respondents (69%) and a small proportion of research respondents were women, namely 124 respondents (31%). Regarding the age of the respondents, it was found that baby boomers (> 50 years) were in the top position as small and medium business actors, namely 168 respondents (42%), Gen amounting to 128 respondents (32%), then at the age of 30-39 years (Gen-Y / millennial generation) was in third place with the number of small and medium business actors amounting to 76 respondents (19%) and in fourth position was occupied by small and medium business actors with ages 20-29 years (Gen Z), namely 28 respondents (7%).

Based on educational background, it was found that more than half of the respondents had a secondary education background, namely 226 respondents (56.25%) and a small number of respondents had a diploma/bachelor education background, namely 73 respondents (18.25). Regarding the number of workers, from the research results it was found that almost half of the research respondents had a workforce of 1 person, namely 152 respondents (38%) and a small number of respondents had a workforce of ≥ 20 workers, namely 32 respondents (8%). From the research results, it was also found that 224 research respondents still

had not used internet facilities in marketing their products, namely 224 respondents (56%), and the remaining 176 respondents (44%) had used internet facilities to promote and offer their products to consumers. Regarding the type of business carried out, almost half of the research respondents sold food products, namely 184 respondents (46%). For the legal ownership of the business carried out, there were 274 respondents who did not have legal business, namely 274 respondents (68.5%)

2. Validity and Reliability of Research Instruments

Table 2. Validity and reliability of research instruments

Variable	Parameter	Corrected Item	Status	Cronbach Alpha	Status
Organizational Culture	Individual Initiative	0,662	Valid	0,826	Reliabel
	Tolerance for risk	0,609	Valid		
	Supervision	0,599	Valid		
	Management Support	0,724	Valid		
	Communication Patterns	0,569	Valid		
Environmental Performance	Raw materials	0,631	Valid	0,796	Reliabel
	Energy	0,622	Valid		
	Water	0,701	Valid		
	Biodiversity	0,628	Valid		
	Pollution and waste	0,655	Valid		
	Products and services	0,716	Valid		
	Conformity	0,653	Valid		
	Transportation	0,675	Valid		
	Global	0,657	Valid		

Source: Primary data, 2023

Based on the results of research data analysis, it shows that the corrected item-total correlation (r) value for each statement item has a value range between 0.569-0.724 (all greater than 0.30) and also a significance value less than the real alpha level of 0.05, so it can be concluded that all parameters in the questionnaire met the validity criteria, and were valid to be used to measure organizational culture and environmental performance variables. From the results of the reliability test on all variables, the Cronbach's alpha value is greater than 0.60, so that the preparation of questionnaire statement items used to measure organizational culture and environmental performance variables can be declared reliable and can be trusted as a reliable and consistent measuring tool.

3. Organizational Culture

Table 3. Organizational culture in small and medium businesses

Indicator	Research statement	Mean Item	Mean Indikator	Category
Individual Initiative	1. Every individual in the organization has a sense of responsibility towards the environment	4,11	4,04	Currently
	2. Every individual is given the freedom to carry out their activities within the organization	4,19		
	3. Each individual is also given the freedom to innovate in the organizational environment	3,83		
Tolerance for	4. Every individual in the	4,23	3,94	Currently

risk	organization is encouraged to take risks in everything they do			
	5. Can be more aggressive in carrying out work related to environmental innovation	3,80		
	6. Every individual is encouraged to continue to innovate in carrying out their work	3,80		
Supervision	7. There are clear rules for each job	4,23	4,28	High
	8. Rules apply to all individuals within the organization	4,30		
	9. Anyone can receive sanctions for mistakes made	4,30		
Management Support	10. Communication is carried out actively from top to bottom	4,33	4,08	Currently
	11. Communication is carried out democratically	3,92		
	12. Work together to innovate	3,99		
Communication Patterns	13. Communication patterns are not limited by formal hierarchies	4,21	4,16	Currently
	14. Communication patterns are relaxed	4,18		
	15. Communication patterns are carried out through social media platforms or chat	4,10		
	Mean Variabel	4,10		

Source: Primary data, 2023

The research results show that the assessment of small and medium business actors in East Java who are registered with the East Java Provincial Cooperatives and SMEs Service who are respondents in this research on the organizational culture variable, is perceived with a high level of agreement. This is indicated by the variable average value of 4.10 which is in the range of 3.4-4.2 (agree / high). These results show that the organizational environment of small and medium business actors in East Java has a strong organizational culture, in the form of individual initiative, tolerance for the risks that will be faced, a culture of supervision, strong support from management, as well as well-established communication patterns between actors. small and medium businesses with employees. The organizational culture indicator that is perceived with the highest level of agreement is supervision with an average value of 4.28, meaning that supervision has been carried out very well, through the implementation of clear rules for each job, the application of rules that are fair and apply to all individuals in the organization. within the organization, and anyone can receive sanctions for mistakes made. The organizational culture indicator that is perceived with the lowest level of agreement is tolerance for risk with an average value of 3.94, which means that every individual in the organization does not have a strong incentive to want to take risks in everything they do, they are less aggressive in carrying out their work. related to environmental innovation, and there is not yet a strong incentive to continue to innovate in carrying out work.

4. Environmental Performance

Table 4. Environmental performance of small and medium enterprises

Indicator	Pernyataan Penelitian	Mean Item	Mean Indicator	Ket
Qualitative Environmental	1. The organization provides rules regarding environmental protection	3,78	3,94	Currently

Performance	and preservation			
	2. The innovation process is carried out continuously	4,08		
	3. Every individual has the enthusiasm to work in realizing green environmental policies	3,96		
Quantitative Environmental Performance	4. Have limits on the waste produced so that it can be minimized	4,23	3,90	Currently
	5. Have a budget for waste processing and recycling	3,75		
	6. Has adequate green open space	3,71		
	Mean Variabel	3,92		

Source: Primary data, 2023

From the research results, it was found that the environmental performance variable was perceived with a high level of agreement, this is indicated by the variable average value of 3.92 which is in the range of values 3.4-4.2 (agree / high), this shows that the perpetrator Small and medium enterprises in East Java have good environmental performance, so they are able to meet community expectations by complying with environmental regulations, and have also met legal environmental requirements regarding organizational processes, products and resources. The environmental performance indicator that is perceived with a higher level of approval is qualitative environmental performance with an average value of 4.94 or in other words it can be stated that small and medium business actors have provided regulations related to environmental protection and preservation or a strong commitment in efforts to protect business environment, the innovation process has been carried out continuously, and every employee has high work enthusiasm to achieve profits and environmental sustainability around the place of business. The environmental performance indicator that is perceived with a lower level of agreement is quantitative environmental performance with a relatively similar average value, namely 3.90, meaning that small and medium business actors already have limits on the waste produced so that it can be reduced, the budget for waste processing and Recycling has also been provided, and there is sufficient green open space.

5. The relationship between organizational culture and environmental performance in small and medium businesses

In order to test the relationship between organizational culture and environmental performance in small and medium businesses, this is done using the critical ratio (CR) value and probability value (p-value). Whether the influence between variables is significant or not using the provisions if the CR value is ≥ 1.96 or the p-value is $\leq 5\%$ real level, then it is decided that there is a significant influence between these variables, conversely if the CR value is < 1.96 or the p-value is $>$ level real 5%, then it was decided that there was an insignificant influence between these variables

Table 5. Relationship between organizational culture and environmental performance in small and medium businesses

Research variable	Standar estimate	CR (Critical Ratio)	P Value	Hypothetical Decisions
Organizational culture	0,064	1,011	0,312	The research hypothesis is rejected
Environmental performance				

Source: Primary data, 2023

The parameter estimation results for the influence of organizational culture on environmental performance show an insignificant influence with a critical ratio (CR) value of 1.011 (smaller than 1.96) and a significance value (p-value) of 0.312 (greater than the 5% significance level). The resulting influence coefficient is only 0.064, meaning that the better organizational culture possessed by small and medium business actors does not have a strong impact on improving environmental performance. From these results

it can also be concluded that there is no correlation between organizational culture and environmental performance in small and medium businesses in the East Java region.

Discussion

1. Organizational culture in small and medium businesses in East Java, Indonesia

Organizational culture is considered an important instrument for managers to guide the running of the organization (Setiawan & Sawitri, 2019). This leads to the creation of a suitable environment, which influences the operational and organizational achievements of the business together (Riyadi et al., 2016). It is important for leaders to emphasize the importance of culture within the organization which can come from establishing and managing culture to create a culture of workplace conformity, which can lead to increased satisfaction and organizational performance.

Description of the assessment of small and medium business actors in East Java who are registered with the East Java Province Cooperatives and SMEs Service on the organizational culture variable shows a high assessment, meaning that the organizational environment of small and medium businesses in East Java has a strong green organizational culture, in the form of environmental initiatives green, tolerance for the risks that will be faced, a culture of supervision, strong support from management, as well as well-established communication patterns between small and medium business actors and their employees. The indicator of organizational culture that is perceived with the highest level of agreement is supervision, meaning that supervision has been carried out very well, through the implementation of clear rules for each job, the application of rules that are fair and apply to all individuals in the organization, and anyone can receive sanctions for mistakes made. Meanwhile, the organizational culture indicator that is perceived with the lowest level of agreement is risk tolerance, meaning that every individual in the organization does not have a strong incentive to take risks in everything they do, is less aggressive in carrying out work related to environmental innovation, and there is no strong drive to continue to innovate in carrying out work.

The results of the factor loading analysis show that the five indicators in the organizational culture variable all contribute significantly to reflecting organizational culture. The most important indicator that has the greatest contribution in reflecting organizational culture in small and medium enterprises in East Java is tolerance for risk. This indicates that a culture of tolerance for work that poses risks to the environment must begin to be familiarized within the organization so that the organization has a green environmentally oriented culture. In this aspect, what is of concern is the lack of aggressive work related to environmental innovation, employees are not yet encouraged to innovate in carrying out work related to the environment.

The results of the comparative analysis of the mean and factor loading on the organizational culture variable provide the conclusion that the indicator that gets the most attention from small and medium business actors in East Java is tolerance for risks related to the green environment. Tolerance is needed so that every member in the organization has greater courage in innovating to improve environmental quality. With this risk tolerance, small and medium business actors must encourage employees to take risks in everything they do, be more aggressive in carrying out work related to environmental innovation, and encourage employees to continue to innovate in carrying out their work, especially in relation to the environment.

2. Environmental performance of small and medium enterprises in East Java, Indonesia

Environmental performance is an organization's initiative to meet and exceed societal expectations in a manner that goes beyond mere compliance with environmental rules and regulations, encompassing the environmental effects of the organization's processes, products, and resource consumption in a manner that best conforms to legal environmental requirements (Sumiati, 2021). Environmental performance depends on environmentally friendly product quality, green process and product innovation, and the incorporation of ecological sustainability into business operations and product development (Ratnawati et al., 2020).

Description of the assessment of small and medium business actors in East Java who are registered with the East Java Province Cooperative and SME Service on the environmental performance variable shows a high assessment, meaning that small and medium business actors in East Java have good environmental performance, so they are able to meet community expectations by complying with environmental regulations, also meeting legal environmental requirements regarding organizational processes, products and resources. The environmental performance indicator that is perceived with a higher level of approval is qualitative environmental performance, meaning that small and medium business actors have provided regulations related to environmental protection and preservation, the innovation process has been carried out

continuously, and every employee has high work enthusiasm in realizing green environmental policies. . Meanwhile, the environmental performance indicator that is perceived with a lower level of approval is quantitative environmental performance, meaning that small and medium business actors already have limits on the waste they produce so that it can be reduced, a budget for waste processing and recycling has also been provided, and they have open land. green is quite adequate.

The results of the factor loading analysis show that the two indicators in the environmental performance variable all contribute significantly to reflecting environmental performance. The most important indicator that has the greatest contribution in reflecting the environmental performance of small and medium enterprises in East Java is quantitative environmental performance, because the assessment and monitoring are more measurable so that control is faster. In this quantitative performance aspect, what is of concern is the low budget for waste processing and the lack of adequate green open space.

The results of the comparative analysis of the mean and factor loading on the environmental performance variable provide the conclusion that the indicator that gets the most attention from small and medium business actors in East Java is quantitative performance, because it is considered more measurable than qualitative performance. With this quantitative performance, small and medium business actors must determine the limits of waste produced so that it can be minimized, provide a budget for waste processing and recycling, and provide part of their business premises as green open space

3. The relationship between organizational culture and environmental performance in small and medium businesses in East Java, Indonesia

The parameter estimation results for the influence of organizational culture on environmental performance show an insignificant influence with a critical ratio (CR) value of 1.011 (smaller than 1.96) and a significance value (p-value) of 0.312 (greater than the 5% significance level). The resulting influence coefficient is only 0.064, meaning that the better organizational culture possessed by small and medium business actors does not have a strong impact on improving environmental performance. From these results it can also be concluded that there is no correlation between organizational culture and environmental performance in small and medium businesses in the East Java region, Indonesia

The results of this study are not consistent with the research results Dubey et al (2017) which concluded that organizational culture influences the level of top management participation and the adoption of manufacturing strategies that result in better environmental performance. The results of this study are also inconsistent with the research results Roscoe et al (2019) that green organizational culture is able to influence environmental performance and sustainable development, by activating green human resource management. The results of this study are also inconsistent with the research results Roespinoedji et al (2019) and Al-Swidi et al (2021) that organizational culture influences environmental performance.

Organizational culture or better known as organizational culture is basically a collection of values and practices from work activities that collaborate between one division/section and another in order to achieve the desired targets. Organizational culture can also be interpreted as a form of basic assumptions created and developed by an organization, including small and medium business actors, in its efforts to overcome a problem and learn to overcome this problem. This process will be a special way for small and medium businesses to adapt to problems or changes that occur around small and medium businesses. Organizational culture is important to pay attention to because organizational culture itself has the aim of improving the services provided to consumers, increasing the amount of income earned by small and medium businesses, increasing employee work motivation, as one of the tools for making the best decisions. and to increase the happiness of every individual involved in small and medium businesses.

The absence of the influence of organizational culture on environmental performance in the small and medium business sector in East Java does not mean that organizational culture is not needed to achieve good environmental performance in the small and medium business sector. This is because there are many other factors that influence good environmental performance in the small and medium business sector. The concept of organizational culture, which is currently understood by business people, tends to be more difficult to apply to small and medium business people. This is due to the complexity of organizational culture itself. Organizational culture has at least 5 main dimensions, namely individual initiative, tolerance of risk, supervision, management support and communication patterns. Not all small and medium businesses can adopt the five dimensions of organizational culture. This is apart from the limited capabilities possessed by small and medium business actors, the lack of information and training received by small and medium

business actors, including small and medium business owners and employees, makes small and medium business actors unable to apply organizational culture in their businesses have.

The first dimension of organizational culture is individual initiative. Small and medium businesses are basically a collection of several business actors combined into one and located in one location. Each small and medium business actor certainly has their own characteristics and characteristics and has different interests, including the business they run. When faced with the diversity of differences that exist, the agreements that apply in the small and medium business system are sometimes felt to be detrimental for some small and medium business actors. When small and medium business actors feel disadvantaged by the system in place, small and medium business actors will try to overcome this themselves. For example, the policy restricts the use of straws in drinks. Policies implemented like this often become an inconvenience for consumers of small and medium food and beverage businesses who consume food and drinks on the premises. Of course, this will have an impact on consumers' interest in shopping. Sometimes small and medium businesses will create their own innovations to overcome restrictions on the use of plastic straws in business activities, such as having to use environmentally friendly paper straws. Apart from being unique, the use of innovation like this will be a special attraction for small and medium business consumers. However, not all small and medium businesses are able to adopt innovations like this. Increasing production costs and difficulties in accessing various innovations sometimes become obstacles for small and medium businesses to provide innovation to the products they have. When small and medium business actors are able to innovate the food and beverage products they sell, then small and medium business actors must also think about the risks of success that have the potential to experience disruption. Small and medium businesses located in one location must understand the importance of keeping their environment clean from various types of waste, including paper waste. When small and medium business actors do not have this kind of awareness, it is certain that efforts to achieve environmental performance will not be achieved.

The next dimension of organizational culture is communication patterns. When a small and medium business is run by the owner directly without any employees involved, of course the communication pattern that should exist between leaders and employees cannot be achieved properly and in the end the decision maker returns to the owner of the small and medium business. Likewise with small and medium businesses that have employees who come from the family of the owner of the small and medium business. This will complicate the communication patterns that should exist between leaders and employees. Due to family relationships, communication patterns are often not well established. Likewise, communication between small and medium business actors. When small and medium business actors in one location cannot communicate well with other small and medium business actors, it is certain that environmental performance will not be achieved according to expectations

he next dimension of organizational culture that is difficult to fulfill is management support. When a small and medium business is only run by an individual and also the owner, this tends to make small and medium business actors less likely to pay attention to management support in managing small and medium businesses. Owners of small and medium businesses tend to only think about the profits they can obtain without paying attention to the impacts that may arise as a result of the business they undertake. For example, related to plastic waste. A small and medium food and beverage business owner will not hesitate to use non-food grade plastic as part of their business tools because the purchasing price of this plastic tends to be cheaper than food grade plastic. When all small and medium business actors have this way of thinking, it is certain that plastic waste will continue to pile up. Likewise for the dimensions of individual initiative, tolerance for risk, and supervision. These three dimensions will be increasingly difficult to implement if small and medium business actors are individuals or between small and medium business owners and small and medium business employees who still have family ties, although not all small and medium business actors will implement this

The absence of a relationship between organizational culture and environmental performance among small and medium businesses in the East Java region is possible considering that the concept of organizational culture cannot be adopted directly by small and medium businesses in Indonesia. The concept of organizational culture is often adopted by medium and large businesses or businesses that already have quite a lot of employees. When a business/organization has quite a lot of employees, the management certainly needs an orientation or target that they must achieve and this target requires a variety of commitments and methods to be achieved. One method that can be applied is the implementation of organizational culture in the organization or business being carried out. However, for small and medium business actors, this often

becomes a difficulty in itself considering that the culture of small and medium business actors in Indonesia tends to be different from the culture of business actors outside Indonesia.

Conclusion

The parameter estimation results for the influence of organizational culture on environmental performance show an insignificant influence with a critical ratio (CR) value of 1.011 (smaller than 1.96) and a significance value (p-value) of 0.312 (greater than the 5% significance level). The resulting influence coefficient is only 0.064, meaning that the better organizational culture possessed by small and medium business actors does not have a strong impact on improving environmental performance. From these results it can also be concluded that there is no correlation between organizational culture and environmental performance in small and medium businesses in the East Java region, Indonesia

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