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THE CORRELATION OF ORGANIZATIONAL CULTURE, ORGANIZATIONAL LEARNING, INFORMATION TECHNOLOGY, COMPETITIVE STRATEGY AND COMPANY PERFORMANCE: A REVIEW

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E-mail: sas_hary@uwks.co.id**ABSTRACT**

Small and medium-sized enterprises have an important role in contributing to Gross National Product and employment. Therefore their existence needs serious attention, especially in terms of organizational culture, organizational learning and information technology, their influence on competitive strategy because these factors also affect its performance. This review shows that corporate culture has a positive and significant effect on organizational learning and has no significant positive impact on competitive strategy but substantially affects the competitive system. Information technology has a positive and significant impact on the competitive process and company performance. The competitive strategy has a positive and significant effect on company performance.

KEY WORDS

Gross National Product, organizational culture, organizational learning, information technology.

Changes in situations that occur almost all the time, both internal and external conditions make all companies always pay close attention to them. All assumptions in business planning that have been successful in the past should constantly be reviewed. The changes that occur are triggered by various factors such as global competition, corporate culture, technological changes, economic conditions, and learning within an organization that will affect the organization's survival in the future. Companies generally have long-term goals based on economic motives to generate added value and economic benefits for stakeholders, including company owners, employees, business partners, and society in general. To realize the added value and economic benefits, the company is expected to have a planned, focused, and sustainable vision, mission, strategy, work program.

Attention to small and medium entrepreneurs in the industry, trade, and services has continued to grow in the last decade in the form of research in Indonesia. This situation arises because small and medium entrepreneurs become a marginal group in the socio-economic constellation, even though the role of small and medium enterprises is quite significant, especially in terms of labor absorption. The facts show that it turns out that small entrepreneurs are more able to survive during the economic crisis. It gives more confidence that local economic development on a people-based basis must be carried out to encourage a more resilient and stable financial structure. Small and Medium Enterprises have an essential role in contributing to a country's economy because Small and Medium Enterprises have the ability as an economic engine that can improve people's quality of life and make a substantial contribution to the Gross National Product (GNP) in a country. In America, Small and Medium Enterprises can contribute to GNP by 45%. In Australia, they donate 33% (Sunata, 2007). In Indonesia, the number of Small and Medium Enterprises in 2007 reached 49.8 million or 99.8% of the total existing businesses. An entire workforce absorbed 79 million people and contributed to the GNP of Rp 1,778.91 trillion or 55.92% (Ministry of Cooperatives and Small and Medium Enterprises, 2007).

Based on the Decree of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number: 120/KEP/M.KUKM/IX.2003 11 September 2003 and Number: 135/KEP.MKUKM/IX.2003 dated 28 September 2003. By product Small and Medium Enterprises Leading Small and Medium Enterprises are Small and Medium

Enterprises that have products that local communities can rely on to develop the regional economy. Its turn will encourage the improvement of the regional economy (Ministry of Cooperatives and Small and Medium Enterprises, 2003). The organization is a unit that seeks to coordinate various interests and to achieve multiple goals and objectives. The increasingly complex work environment causes organizations to change quickly to adapt to the interests of society. Three things characterize organizational change, namely: efficiency, sophistication, and complexity. Since ancient times, through established organizations, humans have strived to continuously improve their productivity, efficiency, and effectiveness in reducing operating/production costs. Human resources have a direct relationship with the mastery of business management aspects, especially the socio-cultural community of East Java is a plural society, so this kind of condition must receive special attention in managing the organization not to hamper the company. About 63.4% of Small and Medium Enterprises in East Java in financial management are not carried out separately from family finances from the management aspect. At the same time, those who have done financial management separately from family finances are around 36.6%. On the other hand, the involvement of Small and Medium Enterprises in training activities is about 50 percent, whether carried out by Disperindag, Diskop, and Small And Medium Enterprises or the private sector. This training activity is one of the decisive factors in developing Small and Medium Enterprises in East Java.

This review needs to be done to understand the relationship between organizational culture, organizational learning comprehensively, and information technology on competitive strategy and company performance, then based on previous empirical research and related to the conditions of Small and Medium Enterprises in East Java. It becomes the researcher's consideration to choose the influence of organizational culture, organizational learning, and information technology on competitive strategy and company performance.

Organizational culture. The use of organizational culture variables in this study is by the theory proposed by Robbins (1990), while the indicators used in this study are by the research of Batitci et al., (2004), Batitci et al., (2006), and Lee and Yu (2004). Respondents' perceptions of the variables can be seen from the results of the frequency distribution analysis. For the organizational culture variable, the lowest degree of respondent perception on the humanity indicator with an average score of 3.77, thus this indicator is perceived well by respondents. Table 5.8 shows that 30.5% of the humanity indicators are moderately responded to by respondents. It indicates that SME owners pay less attention to relationships between employees. This condition is a weakness of SME owners because if the relationship between employees is not good, it will affect the company's running.

The task indicator has an average score of 3.92, which is better than humanity. Thus this indicator is responded to well by respondents. Respondents who answered were reaching 19.1%. This condition should receive more serious attention by SME owners, especially on tasks that have become the responsibility of employees. Besides, employees need to be equipped with other task skills to replace other employees' positions if required. The results of the descriptive analysis in this study indicate that support is the best-perceived indicator by respondents. Thus, company owners have an essential role in shaping organizational culture by providing support to employees. The part of the company owner, in this case, can create conditions for good relations between superiors and subordinates, motivate to improve employee skills, and encourage employees to develop competence.

Based on the previous study, the average score for the support indicator is 4.09, the highest compared to the average score for other work culture indicators. Still, in this indicator, the respondents who responded were 8.5 %. It indicates that the support indicator has a vital role for SME owners in building organizational culture. This indicator is perceived very well by respondents. Seeing this condition, empirical support has a reasonably high role in SMEs in East Java, but this indicator still has weaknesses because some respondents still respond moderately. Based on the analysis, the part of company owners is vital in providing support to company employees to develop and improve company performance.

The average value of the support indicator appears to be greater than the average value of the organizational culture variable. It illustrates that support dominates the other two hands,

namely task and humanistic, which make up the corporate culture variable. Therefore company owners should pay attention to support, which includes: maintaining superior and subordinate relationships, motivating employees, and the importance of developing employee competencies.

Organizational Learning. For the organizational learning, SME owners pay less attention to employee unique advantages. This condition is a weakness of SME owners because the individual advantages of each employee can be used as an example for other employees so that if employees have unique advantages, they will have a good influence on company performance. this condition should receive more serious attention by SME owners, especially on the mindset of employees, by SME owners need to equip employees with knowledge that supports their company, with a better employee mindset will improve company performance. There is a weakness of SMEs, because they ignore employees' personality, even though personality is very supportive of the company's activities. Also, because sharing a vision is necessary for an organization. Therefore SME owners must pay attention to this indicator. The indicator that is best perceived by respondents in this research is team learning, thus empirically team learning has an important role in encouraging SMEs in East Java to become learning companies. SMEs who want to progress must make their companies a learning company, therefore this indicator must receive special attention from SME owners.

The theoretical review has been put forward by Senge (1990) there are five indicators of organizational learning, namely: (1) personal mastery (personal advantage), (2) mental models, (3) shared vision, (4) team learning, and (5) system thinking., then Senge (1990) says people who want to compete in the business environment must make their organizations "Learning Organizations" by continuously adapting to the environment. The ability of each company to anticipate and adapt to any changes will determine its survival. Ability must be trained with a continuous learning process. As a learning organization, it always provides opportunities for its employees to always be able to improve themselves to achieve success, through individual learning they can do everything that was never possible before, to create individual learners, is to provide the widest opportunity for employees to increase their knowledge. Neefe (2001) states that one of the important indicators in organizational learning is teams learning, this opinion is also reinforced by Dixon (1994), Pawlowsky (1992), stating that team learning is an essential factor in organizational learning. Fang and Wang (2006) have carried out an empirical review, also using Senge's (1990) model indicators in measuring organizational learning about corporate strategy, Fang and Wang (2006) in their research, team learning is used as a variable that affects system concludes that team learning has a significant effect on company strategy.

Information Technology. Information technology is very likely to have an impact on the company's strategy and performance. Items that are part of the meaning include: information technology increases efficiency, information technology accelerates service, information technology helps decision making The use of information technology is in accordance with the theoretical review proposed by (Porter, 1993). that information technology is useful for creating competitive advantage. Two general approaches that can be used as guidelines in viewing the benefits of information technology are: an analysis of the company's operating value chain and a competitive analysis

Rockart and Morton (1984) have introduced the use of value-added chains to describe the potential opportunities arising from information technology. They identified three types of opportunities that could create competitive advantage: (1) increasing the value of each function, (2) connecting with customers and suppliers for low-cost activities, and (3) creating new business through services or products. Furthermore, Ives and Learmonth (1984) say that it should be noted that this value chain analysis, in terms of operational efficiency and functional effectiveness, is closely related to internal strategy. Kearns and Lederer. (2001), explained that the important indicators in information technology are the suitability of information technology with business plans and the suitability of technology with competitive strategies.

Competitive Strategy. In competitive strategy, there are still weaknesses because 61.7% of SMEs respond moderately. Thus, most company owners have not paid attention to market

segments, even though market segments are closely related to company profits (Porter, 1993). Indicators that are perceived to be better than focus are low costs. The score for this indicator, respondents' perceptions are classified as good, namely 3.67. Although it is well perceived that this indicator still has weaknesses, respondents still give a moderate perception of 31.2%. Thus, many SME owners do not think about efficiency in running their business even though this is important to increase company profits.

The indicator perceived as the most dominant by respondents in the competitive strategy variable is differentiation, with a score close to 4, 3.99. Although this variable is perceived well by the respondents, it is shown that the average score is in the range of $3 < NS \leq 4$ (Account, 2006). However, from all respondents, there are still 10.6% of SMEs that have not differentiated. Still, it can be said that overall, in general, SMEs in East Java do product differentiation to compete with other companies. Based on the results of this analysis, other indicators still have significance in competitive strategy because one hand and another have a relationship. For example, the company differentiates to focus on a particular market so that the resulting product can enter the planned market segment.

This theoretical review has been put forward by Porter (1980), asserting that companies must be competitive to become industry leaders and succeed on a national and international scale must have a competitive advantage. Then Porter (1980) argues that companies must choose between one basic strategy to achieve excellence and profit. The strategy chosen must be supported by decision-makers who create complementary internal processes that align with management philosophy.

According to Porter (1985), the competitive strategy includes cost leadership, product differentiation, and focus has been recognized as a typology of strategies for organizations. Porter's typology has been widely known in the United States since the late 1980s. However, the extent to which these strategies are applied in non-United States markets and how they are implemented in non-US cultures is of concern to scholars and academics.

Based on Porter's theory, Allen et al., (2006) conducted a study to examine Porter's primary business strategy used by Japanese companies and compared it with the usefulness of Porter's approach applied in the United States. The results show that differentiation is an essential indicator of competitive strategy in America and Japan, although differentiation is below the cost leadership indicator.

Another researcher who uses Porter's theory is Barth (2003). Research conducted by Barth looks at the relationship between competitive strategy and administrative mechanisms (managerial skills and organizational structure) of small companies and whether this match is related to company performance. Barth, in his research, agrees with Porter's (1980) opinion that there are three critical dimensions in competitive strategy, namely cost leadership, differentiation, and focus, which are good indicators for a company's competitive strategy.

Performance. The theoretical review of performance appraisal proposed by Hansen and Mowen (1997) shows two types of measurement. Financial and non-financial, other figures which convey the same thing are McAdam and Bailie (2002) distinguish between two types of measurement, namely economic and non-financial measurements. The financial measure is required as legislation and has been done for a long time, so all businesses use some form of financial measurement system. The development of non-financial measurements is still relatively new, in line with the increasing interest in using non-financial measures as a strategic tool. At the same time, the critical indicators, according to them, are sales and profitability.

An empirical review was conducted by Gardner et al., (2000), who used the number of sales indicators in measuring company performance in their research. Wahyudi (2008) uses the same indicator as Gardner et al. (2000) by adding another indicator: profitability.

CONCLUSION

Organizational culture has no significant positive effect on the company's competitive strategy, meaning that organizational culture is not the main requirement for the creation of a good competitive strategy, this finding does not support the results of research conducted by

Fang and Wang (2006), however, organizational culture has an indirect and significant effect. to corporate strategy through organizational learning. Organizational culture has a positive and significant effect on company performance, the better the organizational culture, the higher the company's performance, thus organizational culture has an important meaning in improving company performance, this is in accordance with the theory put forward by Robbins (1990) the stronger the organizational culture, the better the organization's performance. This finding also supports previous research conducted by Lee and Yu (2004) Lopez et al., (2004) Ogbonna and Harris (2000) Batitci et al., (2004). Batitci et al., (2006), Syied and Rowland (2004) In addition to direct influence, organizational culture also has an indirect and significant effect on company performance through organizational learning and competitive company strategy.

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The authors declare no conflict of interest.

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