

BUSINESS PERFORMANCE OF SNACK FOOD MSMEs ACTORS BASED ON MOTIVATION, ABILITY, AND ORGANIZATIONAL COMMITMENT

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Abstract

Background: Micro, Small, and Medium Enterprises (MSMEs) are a crucial business sector in both developed and developing countries. In developing countries, MSMEs are a key pillar of the national economy. Furthermore, their presence in Indonesia holds significant potential for achieving the Sustainable Development Goals (SDGs). However, several challenges remain in strategies to improve the performance of MSMEs, particularly in the snack food sector, including failure to achieve sales revenue targets and low motivation, capabilities and organizational commitment among business actors.

Purpose: The objectives of this study are 1) to describe motivation, ability, organizational commitment and business performance; 2) to analyze the influence of motivation, ability, and organizational commitment on business performance simultaneously; 3) to analyze the influence of motivation, ability, and organizational commitment on business performance partially.

Methodology: The sample in this study used a purposive sampling technique, totaling 108 snack food MSMEs in Central Bogor District. Data testing included validity, reliability, normality, multicollinearity, heteroscedasticity, regression coefficients, coefficients of determination, F-tests, and t-tests. The research method used descriptive and verification methods, as well as multiple linear regression.

Results: The results of this study indicate that 1) business performance, motivation, ability, and organizational commitment are in the sufficient category; 2) motivation, ability, and organizational commitment simultaneously have a significant positive effect on business performance; 3) motivation, ability, and organizational commitment partially have a significant positive effect on business performance. The results of the coefficient of determination indicate that simultaneously, business performance is influenced by motivation and ability by 59.1%. Conversely, 48.1% is influenced by other variables not studied, such as: work environment, entrepreneurial orientation, banking support, skills, quality of encouragement, guidance, manager support, quality of co-worker support, work systems, and facilities provided by the organization.

Keywords: Business performance, Motivation, Ability, Organizational Commitment, Snack Food MSMEs.