

THE ROLE OF ORGANISATIONAL CULTURE AND MANAGERIAL PRACTICES IN ENHANCING EMPLOYEE PERFORMANCE AT CLOTHING MANUFACTURING MICRO, SMALL, AND MEDIUM ENTERPRISES (UMKM) IN MEDAN DENAI: A QUALITATIVE STUDY

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ABSTRACT

This study aims to analyze the role of organizational culture and company managerial practices in improving employee performance in convection MSMEs in Medan Denai. In the context of increasingly fierce business competition, MSMEs are required to not only rely on production capabilities but also strengthen internal organizational aspects, particularly work culture and effective managerial practices. This study uses a qualitative approach with a case study method. Data collection techniques were carried out through in-depth interviews, observation, and documentation of business owners and employees of convection MSMEs.

The research results show that a strong organizational culture, such as discipline, teamwork, and responsibility, plays a crucial role in shaping employee work behavior. Furthermore, managerial practices including open communication, motivation, and a flexible supervisory system have been shown to significantly improve employee performance. The combination of a positive organizational culture and adaptive managerial practices is a key factor in improving employee productivity and work quality.

This research provides implications that convection MSMEs need to consciously build a conducive organizational culture and implement effective managerial practices to achieve optimal employee performance.

Keywords: Organizational culture, managerial practices, employee performance, MSMEs, qualitative research

I. INTRODUCTION

The development of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia has shown significant growth in recent years. MSMEs not only play a role in supporting the national economy but also provide significant employment opportunities. One rapidly growing MSME sector is the garment industry, particularly in the Medan Denai area. However, amid this growth, MSMEs in the garment industry still face various challenges, particularly in improving employee performance.

Employee performance is a key factor in determining the success of a business. Optimal performance is influenced not only by individual abilities but also by internal organizational factors such as organizational culture and managerial practices. Organizational culture reflects the values, norms, and habits developed within an organization, which influence employee behavior at work. Meanwhile, managerial practices relate to how leaders manage, direct, and motivate employees to achieve organizational goals.

In the context of MSMEs in the garment industry, organizational culture is often informal and poorly structured. This can lead to inconsistencies in employee work behavior, such as a lack of discipline, low accountability, and poor teamwork. Furthermore, managerial practices in MSMEs are generally traditional, with the business owner also serving as manager without a clear management system.

Based on this phenomenon, it is understandable that there is a need for an in-depth study of how organizational culture and managerial practices contribute to improving employee performance, particularly in the garment MSME sector in Medan Denai. A qualitative approach was chosen to explore in-depth the experiences, perceptions, and actual practices occurring in the field.

II. RESEARCH METHODOLOGY

1. Organizational culture

Organizational culture is a system of values, norms, and beliefs held by members of an organization that influences how they act and interact. According to Robbins and Judge (2017), organizational culture is a system of shared meaning held by members of an organization that distinguishes the organization from other organizations. Schein (2017) states that organizational culture consists of basic assumptions, values, and artifacts that develop within a group.

Denison (2016) explains that an effective organizational culture is characterized by involvement, consistency, adaptability, and mission. A strong organizational culture can increase employee commitment and drive better performance.

Recent research shows that organizational culture has a significant influence on employee performance because it is able to shape work attitudes, motivation, and individual behavior in the organization.

2. Managerial Practices

Managerial practices refer to how managers plan, organize, direct, and control organizational resources. According to Griffin (2016), managerial practices encompass the primary management functions of planning, organizing, leading, and controlling.

Armstrong (2018) stated that effective managerial practices include clear communication, motivation, and employee development. Furthermore, Yukl (2020) emphasized the importance of adaptive leadership in improving employee performance, especially in small-scale organizations such as MSMEs. In the context of MSMEs, flexible and interpersonal relationship-based managerial practices are important factors in creating a conducive work environment.

3. Employee Performance

Employee performance is the work results achieved by individuals in carrying out their duties in accordance with their assigned responsibilities. According to Mangkunegara (2017), employee performance is influenced by their abilities and work motivation.

Bernardin and Russell (2015) suggest that employee performance can be measured through work quality, quantity, timeliness, effectiveness, and independence. High performance reflects an employee's contribution to achieving organizational goals.

4. Relationship between variables

Organizational culture and managerial practices are closely related in influencing employee performance. A positive organizational culture supports effective managerial practices, thus creating a productive work environment. Conversely, good managerial practices can strengthen the implementation of organizational culture in daily work life.

Thus, the combination of organizational culture and managerial practices becomes a strategic factor in improving employee performance, especially in MSMEs that have limited resources.

III. RESEARCH METHODOLOGY

1. Research Approach

This research uses a qualitative approach with a case study method. This approach was chosen because it allows for in-depth exploration of phenomena occurring in a real-world context, particularly regarding organizational culture and managerial practices in the garment industry.

2. Research Location

The research was conducted on clothing convection MSMEs in the Medan Denai area.

3. Research Informants

The informants in this study consist of:

- Business owner (owner)
- Production employees
- Administrative staff (if any)

The selection of informants was carried out using purposive sampling, namely based on certain criteria that are relevant to the research.

4. Data Collection Techniques

Data is collected through:

- **In-depth interview:** to explore the experiences and perceptions of informants
- **Observation:** to see directly the work activities and culture of the organization
- **Documentation:** in the form of notes, photos, or related archives

5. Data Analysis Techniques

Data analysis using the interactive model of Miles, Huberman, and Saldana (2014), namely:

1. Data reduction
2. Data presentation
3. Drawing conclusion

IV. RESULTS AND DISCUSSION

1. Overview of Research Object

The garment manufacturing industry in the Medan Denai area is a rapidly growing business sector and plays a crucial role in meeting the community's clothing needs. These businesses are generally small to medium-sized, with a limited workforce and simple management systems. Most garment manufacturing businesses are directly managed by the business owner, who also serves as the main manager.

The organizational structure of MSMEs in garment manufacturing tends to be informal, with tasks being flexibly divided according to production needs. Employees typically consist of fabric cutting, sewing, finishing, and simple administrative staff. The established work relationships are familial, allowing direct communication without complex bureaucratic procedures.

However, these conditions also pose challenges, such as a lack of clear work standards, low discipline, and dependence on the business owner's direction.

Therefore, the existence of organizational culture and managerial practices are crucial factors in maintaining stability and improving employee performance.

2. Research result

2.1 Organizational Culture in MSME Convection

Based on interviews and observations, the organizational culture of the convection MSMEs in Medan Denai developed naturally and unwritten. Among the values that developed were togetherness, responsibility, and work discipline.

Most employees stated that their working relationships are familial, creating a comfortable work environment. This is evident in the mutual assistance among employees when workloads increase. A culture of teamwork is one factor contributing to a smooth production process.

However, several obstacles remain, such as inconsistencies in the implementation of work discipline. Some employees arrive late or delay work, especially when the business owner's supervision is not intensive. This indicates that the existing organizational culture is not yet fully established and still needs strengthening.

3. Managerial Practices in MSMEs in the Garment Industry

Managerial practices in convection MSMEs in Medan Denai are generally carried out directly by the business owner. Management functions such as planning, organizing, directing, and supervising are carried out simply and flexibly.

When it comes to communication, business owners tend to use an informal and open approach. Employees can easily express work-related challenges or feedback. This positively impacts workplace relationships and increases employee engagement.

Furthermore, business owners provide direct motivation, either in the form of verbal recognition or additional incentives when production targets are met. This practice has been proven to boost employee morale.

However, the monitoring system remains situational and unstructured. The lack of clear standard operating procedures (SOPs) makes it difficult to objectively measure employee performance.

4. Employee performance

Employee performance at a garment manufacturing MSME in Medan Denai is assessed based on sewing quality, production speed, and timely order completion. Overall, employee performance is considered quite good, particularly in terms of technical skills.

Employees with more experience demonstrate higher productivity than new hires, indicating that experience also influences performance. However, several challenges remain, such as late order fulfillment and inconsistent product quality. This is due to a lack of work standards and suboptimal supervision.

5. Discussion

The Role of Organizational Culture in Improving Employee Performance

Research results show that organizational culture plays a significant role in shaping employee work behavior. A culture of cooperation and familial relationships has been shown to create a conducive work environment.

This finding aligns with the theory of Robbins and Judge (2017), which states that organizational culture influences employee attitudes and behaviors at work. A positive culture will increase commitment and work motivation. However, an unstructured organizational culture results in the implementation of values such as discipline not being optimal. This suggests that organizational culture needs to be built not only naturally but also systematically managed.

6. The Role of Managerial Practices in Improving Employee Performance

Managerial practices implemented in garment MSMEs have a direct impact on employee performance. Open communication and motivation have been shown to increase employee morale and engagement.

This finding supports Armstrong's (2018) opinion which states that effective managerial practices can improve performance through good communication, motivation and leadership.

However, the lack of a clear monitoring system and work standards is a major weakness in managerial practices. This makes it difficult to consistently monitor employee performance.

7. Synergy of Organizational Culture and Managerial Practices

This research found that organizational culture and managerial practices are interrelated and inseparable. A good organizational culture will support managerial practices, while effective managerial practices will strengthen organizational culture.

In the garment MSMEs in Medan Denai, synergy between the two is evident in harmonious working relationships and high levels of motivation. However, this synergy is not yet optimal due to the lack of a structured management system.

8. Research Implications

The results of this study provide implications that MSMEs in the garment industry need to: Build a more structured organizational culture, especially in terms of discipline and responsibility, Improve managerial practices by implementing a clearer work system, Develop standard operating procedures (SOPs) to improve the consistency of employee performance.

V. CONCLUSION

Based on the research and discussion on the role of organizational culture and company managerial practices in improving employee performance in the convection MSMEs in Medan Denai, it can be concluded that the organizational culture formed in the convection MSMEs tends to be informal and develops naturally. Values such as togetherness, cooperation, and responsibility have been established and have a positive impact on employee work comfort. However, the implementation of disciplinary values remains inconsistent, which affects the stability of employee performance.

The managerial practices implemented by business owners demonstrate a flexible, interpersonal-based approach. Open communication, motivation, and direct involvement of the business owner in the work process are factors that contribute to increased employee morale. However, these managerial practices are still not supported by a structured system, such as standard operating procedures (SOPs) and a clear performance evaluation system.

Employee performance at the convection MSME in Medan Denai is generally considered quite good, particularly in terms of technical skills. However, there are still challenges in terms of consistent quality and timely completion of work. This is influenced by weak supervision and the suboptimal implementation of a disciplined work culture.

Overall, this research shows that organizational culture and managerial practices play a complementary role in improving employee performance. Synergy between the two is a crucial factor in creating a productive work environment, although further strengthening of management systems and internalization of work culture is still needed.

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