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Analysis of Strategic Planning, Innovation and Corporate Culture Towards SMEs Performance at Meatball SMEs in Sukabumi City

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Abstract: This study aims to analyze the influence of strategic planning, innovation, and corporate culture on the performance of SMEs in the meatball culinary sector in Sukabumi City. The main problem raised in this study is the low performance of SMEs caused by weak strategic planning, lack of innovation, and corporate culture that has not been optimally formed. This study uses a quantitative approach with a descriptive causal method. The sample in this study consists of 156 meatball SMEs actors in Sukabumi City, selected using simple random sampling from a population of 255 business units. Data was collected through the distribution of questionnaires and analyzed using multiple linear regression, after undergoing validity, reliability, and classical assumption tests. Data processing was conducted using SPSS V.26 software. The results of the study indicate that strategic planning, innovation, and corporate culture have a positive and significant impact on SMEs performance. Therefore, it can be concluded that these three variables play a crucial role in enhancing the competitiveness and sustainability of SMEs. Consequently, it is recommended that SMEs operators consistently develop business strategies, innovate in their products, and foster a positive work culture.

Keyword: Strategic Planning, Innovation, Corporate Culture, SMEs Performance

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) serve as the backbone of the Indonesian economy, playing a central role as key drivers of growth and contributing significantly to employment, income distribution, and the nation's overall development. MSMEs are also recognized for their adaptability and resilience in facing changes in the economic environment, especially during economic downturns. They contribute to the economic flexibility of society by supporting inclusive and sustainable economic growth (Zakiyah & Sudjatno, 2019). Entrepreneurship, both at the global and national levels, continues to grow rapidly across various sectors, driving innovation and creativity in response to social, economic, and technological progress (Muniarti, 2024).

Among the most popular culinary products in Indonesia is meatballs (bakso), which have become a favorite food across many layers of society. As a result, meatballs are a popular business choice for small and medium-sized enterprises (SMEs) in the culinary sector.

However, innovation is not easily achieved among bakso SMEs due to their limited resources and development capabilities. Challenges such as the lack of proactiveness, creativity, and willingness to take risks continue to hinder innovation in this sector (Carlina et al., 2016). Nevertheless, the development of innovation in the meatball business is expected to open up new opportunities in culinary tourism, offer healthier food choices, and increase competitiveness in the local market (Latif, 2018).

According to (Aribawa, 2016), SME performance is the result of how business owners or managers run and manage their operations. In many cases, SME performance is also shaped by how effectively individuals carry out their tasks and roles. Unfortunately, many SMEs struggle to evaluate their performance due to limited management systems. Strategic planning is a key factor in determining the direction of business operations. (Permatasari, 2017) defines strategic planning as the process of making important decisions and actions that guide how an organization operates. In the culinary sector, strategic planning helps SMEs set and communicate their goals effectively (Martins, 2024). Furthermore, the implementation of innovation enables SMEs to generate new ideas and products that meet changing consumer preferences (Eliora Lorensa, 2022). A strong corporate culture defined by shared values, beliefs, policies, and behaviors fosters unity and productivity among employees (Fiqi et al., 2023).

Tabel Quantity of Meatball SMEs in Sukabumi City in 2022-2024

Province	City	Type of SMEs	Quantity
West Java	Sukabumi	Meatballs	255

Source: (DPMPTSP & DISKUMINDAG 2022-2024)

As shown in the table, there are 255 meatball SMEs in Sukabumi City. However, based on interviews with several business owners, there are signs of declining sales growth and performance in recent years. This trend is attributed to weak strategic planning, a lack of innovation, and an underdeveloped corporate culture. These problems have led to reduced product output, a shrinking customer base, and overall declining performance.

This study seeks to measure the extent to which strategic planning (X1), innovation (X2), and corporate culture (X3) influence the performance (Y) of meatball SMEs in Sukabumi City. Previous studies have produced mixed results. For instance, (Ulhaq, 2020) found a positive influence of strategic planning on MSME performance, while (Handarto, 2024) reported no significant relationship. (Andy, 2020) argued that innovation significantly affects performance, but (Gina, 2023) found otherwise. Likewise, some researchers found that corporate culture did not significantly influence performance (Rahmawati, 2017), while others found a positive and significant correlation (Heru, 2024).

Based on the background description, this study aims to evaluate the influence of Strategic Planning, Innovation, and Corporate Culture on the performance of SMEs in the meatball SMEs sector in Sukabumi City. This study is expected to serve as a reference in formulating SMEs development policies by local governments to encourage long-term growth in the small and medium enterprise sector.

Based on the background described above, the research questions in this study are as follows:

1. How significant is the impact of strategic planning on the performance of SMEs in the meatball industry in Sukabumi City?
2. How significant is the impact of innovation on the performance of SMEs in the meatball industry in Sukabumi City?
3. How significant is the impact of corporate culture on the performance of SMEs in the meatball industry in Sukabumi City?

METHOD

According to (Dini, 2020), a research method is a specific process or approach to solving research problems. This study uses a quantitative approach with a descriptive causal method, which essentially means that the researcher employs a descriptive causal approach in their quantitative research. This approach states that the research method is a specific process or approach to solving research problems, which is one branch of scientific research based on logical positivism, adhering to strict rules regarding logic and truth (Dini, 2020). The aim is to determine the extent of the influence of Strategic Planning (X1), Innovation (X2), and Corporate Culture (X3) on the performance of SMEs (Y) among bakso SME operators in Sukabumi City. The research design is associative with a causal approach, as it seeks to test the cause-and-effect relationship between three independent variables and one dependent variable. The population in this study was all meatball MSMEs in Sukabumi City, totaling 255 business units. The research sample was determined using probability sampling techniques with a simple random sampling approach. The sample size was determined using the Slovin formula with an error tolerance of 5%, resulting in a sample size of 156 respondents who were active meatball business operators in the area.

The research used in this study was a closed questionnaire compiled based on indicators from each variable and measured using a Likert scale of 1 to 5. Each variable had three main dimensions with a total of nine indicators that measured respondents' perceptions of strategic planning, innovation, corporate culture, and SMEs performance. The instrument underwent a validity test using Pearson Product Moment correlation and a reliability test using Cronbach's Alpha. The reliability test results showed that all variables had an α value of more than 0.7, which means that the instrument used is reliable and consistent in measuring each variable.

The data used in this study consists of primary and secondary data. Primary data was obtained by distributing questionnaires to respondents who had been selected as samples. Meanwhile, secondary data was obtained from various sources such as scientific journals, articles, BPS reports, and documents from relevant local government agencies.

Data analysis in this study was conducted using SPSS software version 26. The analysis stages included validity and reliability tests, followed by classical assumption tests covering normality, multicollinearity, autocorrelation, and heteroscedasticity tests. After the data were found to meet the classical assumptions, the analysis continued with multiple linear regression to examine the simultaneous and partial effects of each independent variable on the dependent variable. Hypothesis testing was conducted using the t-test to examine the partial effect and the F-test to examine the simultaneous effect among variables. Additionally, the coefficient of determination (R^2) was used to measure the extent to which the three independent variables could explain changes in the performance of the SMEs under study.

RESULTS AND DISCUSSION

Result

The respondents in this study were 156 small and medium-sized meatball businesses in Sukabumi City. The questionnaire for this study was distributed through online and offline media in the form of a Google form to bakso SMEs operators in Sukabumi City. Data processing in this study was conducted using SPSS version 26 software, which was used to test validity, reliability, classical assumptions, and perform multiple linear regression analysis.

Validity Test

A validity test is used to ensure that the data collected is accurate and relevant (Sugiyono, 2019). According to (Sugiyono, 2019), an acceptable Cronbach's alpha value is generally above 0.5. The higher the Cronbach's Alpha coefficient, the higher the internal reliability of the research instrument. The validity test in this study was conducted by

distributing questionnaires to 156 small and medium-sized meatball businesses in Sukabumi City. The following are the results of the test:

Tabel 1. Research Variable Questionnaire Validity Test Result

Item	Strategic Planning X1	Innovation X2	Corporate Culture X3	SMEs Performance Y	r table	Information
Item 1	0,606	0,617	0,614	0,617	0,5	Valid
Item 2	0,670	0,606	0,657	0,616	0,5	Valid
Item 3	0,608	0,623	0,647	0,632	0,5	Valid
Item 4	0,600	0,621	0,646	0,626	0,5	Valid
Item 5	0,602	0,618	0,622	0,610	0,5	Valid
Item 6	0,619	0,610	0,614	0,623	0,5	Valid
Item 7	0,601	0,622	0,622	0,622	0,5	Valid
Item 8	0,662	0,612	0,615	0,634	0,5	Valid
Item 9	0,643	0,664	0,610	0,617	0,5	Valid

Source: Processed Data from SPSS 26 software

It can be seen from the table that the overall calculated R value is higher than the critical R value, meaning that all questions are valid and can be used as a data collection tool.

Reliability Test

According to (Sugiyono, 2019), reliability testing shows how consistent the measurement results are. The Cronbach's alpha formula is used to evaluate reliability. Based on (Sugiyono, 2019), a Cronbach's alpha value of 0.7 or higher indicates that the instrument is reliable in producing consistent data.

Table 2. Reliability Test Result for Strategic Planning, Innovation, Corporate Culture and SMEs Performance Variables

No.	Variabel	Cronbach's Alpha	r table	Information
1.	Strategic Planning	0,803	0,6	Reliabel
2.	Innovation	0,803	0,6	Reliabel
3.	Corporate Culture	0,807	0,6	Reliabel
4.	SMEs Performance	0,801	0,6	Reliabel

Source: Processed Data from SPSS 26 software

It can be seen from the table above that the calculated R value is higher than the critical R value, which means that all statements are reliable and valid for use as data collection tools.

Classical Assumption Test

Table 3. Classical Assumption Test Result

Test type	Result	Information
Normality	Sig. = 0,148	Normally distributed data
Multicollinearity	VIF < 10 dan Tolerance > 0,1	There is no multicollinearity
Autocorrelation	Durbin-Watson = 1,954	There is no autocorrelation
Heteroscedasticity	Sig. > 0,05	There is no heteroscedasticity
Linearity	Sig. deviation from linearity > 0,05	The relationship between variables is linear.

Source: Processed Data from SPSS 26 software

Based on the results of classical assumption tests, the data is deemed suitable for use in regression analysis because no violations of the assumptions of normality, multicollinearity, autocorrelation, or heteroscedasticity were found. In addition, the results of the linearity test show that there is a linear relationship between variables X1, X2, and X3 and variable Y.

Multiple Linear Regression

According to Sugiyono (2019), multiple linear regression predicts the value of a variable based on its relationship with several other variables.

$$Y^* = a + B_1X_1 + B_2X_2$$

Table 4. Multiple Linear Regression Result

Variabel Independen	Regression coefficient (B)	t count	Sig.	Information
Strategic Planning (X1)	0,282	4,552	0,000	Has a positive and significant influence
Innovation (X2)	0,385	4,968	0,000	Has a positive and significant influence
Corporate Culture (X3)	0,241	3,097	0,002	Has a positive and significant influence

Source: Processed Data from SPSS 26 software

The regression analysis results show that all three variables have a significant partial effect on SMEs performance. Thus, this regression model can be used to predict SMEs performance based on these variables.

F Test and Coefficient of Determination

Table 5. F Test Result and Coefficient of Determination

Test	Value	Sig.
F hitung	43,526	0,000
Koefisien Determinasi (R ²)	0,462	-

Source: Processed Data from SPSS 26 software

Based on the F-test results shown in the table above, the calculated F value is 43.526 with a significance value of 0.000. Based on the coefficient of determination test, the R Square (R²) value is 0.462. This means that 46.2% of the variation in the performance variable of SMEs (Y) can be explained by the three independent variables. Meanwhile, the remaining 53.8% is explained by other factors outside the scope of this research model. Therefore, it can be concluded that the three independent variables have a significant contribution in explaining the overall variation in SMEs performance.

Discussion

Effect of Strategic Planning (X1) on SMEs Performance (Y)

Based on the results of multiple linear regression, the Strategic Planning variable (X1) has a regression coefficient of 0.282, which indicates that every one unit increase in strategic planning will improve SMEs performance. This means that the better the strategic planning carried out by SMEs operators, the higher their business performance will be. The t test results show that the calculated t value of 4.552 is greater than the table t value of 1.658, and the significance value of 0.000 < 0.05. Therefore, it can be concluded that Strategic Planning has a significant effect on SMEs Performance, thus accepting the proposed hypothesis.

Effect of Innovation (X2) on SMEs Performance (Y)

From the results of multiple linear regression analysis, it was found that the Innovation variable (X2) had a regression coefficient of 0.385, which means that every increase in innovation capability will improve the performance of SMEs. This indicates that the higher the level of innovation carried out by business actors, the greater the improvement in SMEs performance. The t test results show that the calculated t value of 4.968 is greater than the table t value of 1.658, and the significance value of 0.000 < 0.05. In other words, Innovation has a significant effect on SMEs Performance, and the proposed hypothesis is accepted.

Effect of Corporate Culture (X3) on SMEs Performance

Based on the regression results, the Corporate Culture variable (X3) has a regression coefficient of 0.241, which means that every increase in corporate culture will improve the performance of SMEs. This shows that a healthy, collaborative, and innovative corporate culture can encourage improved SMEs performance. The t-test results show that the calculated t-value of 3.097 is greater than the critical t-value of 1.658, and the significance level of $0.002 < 0.05$. Therefore, it can be concluded that Corporate Culture has a significant effect on SMEs performance, and the proposed hypothesis is accepted.

CONCLUSION

This study shows that strategic planning (X1), innovation (X2), and corporate culture (X3) have a positive and significant effect on the performance of small and medium sized enterprises (SMEs) (Y) producing meatballs in Sukabumi City. SMEs actors have begun to implement strategic planning, develop product innovation and promotion, and build a healthy work culture. Although there are still limitations in implementation, these three variables have proven to be important factors in enhancing competitiveness and business sustainability.

For SMEs players, it is recommended to regularly develop business strategies based on SWOT analysis, continue to innovate in products and marketing, and build a professional and collaborative work culture. The use of digital technology is also important to expand market reach and operational efficiency. For future researchers, it is recommended to expand the scope of the study area, add new variables, and use different methods and approaches to ensure more accurate and generalizable research results.

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