

The Strategy of Improving the Performance of Cooperatives in the Review of Organizational Culture, Innovation is Mediated by the Entrepreneurial Orientation in Surabaya

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Abstract

Purpose: The aim of research to proved and analyzed strategy to improve cooperative performance through organizational culture, innovation in mediation with entrepreneurship orientation in surabaya city.

Design/methodology/approach: The type of this research was surveying research and the data from questionnaire will be as primer data.

Findings: The results showed that organizational culture positive and significant effect against the entrepreneurial orientation, innovation is a positive and significant effect against the entrepreneurial orientation, organizational culture positive and significant effect performance improvement strategies towards cooperative, positive effect not significant innovation strategy improved performance of cooperatives, entrepreneurial orientation effect positive and significant performance improvement strategies against the cooperative.

Research limitations/implications: The data collected were declared valid and reliable, then processed for analysis using structural equation model or Structural Equation Modeling (SEM).

Practical implications: The population study for this research was all primary cooperatives in Surabaya with total 400 cooperatives that have the following characteristics: (a) has a member of a minimum of 100 people, (b) active of operations and implement RAT for 3 years successively, (c) has more than two business units (d) and has assets of over 1 billion rupiah. The sample for this research was 138 primary cooperation.

Originality/value: This paper is original

Paper type: Literature review

Keyword: Cooperative Performance Strategy, Entrepreneurial Orientation, Innovation, Organizational Culture.

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I. PRELIMINARY

In the current millennium era, competition in the business world is increasingly globalized, so every economic actor is required to always have a sustainable competitive advantage. One of the economic actors in Indonesia is Cooperatives. The history of the birth of cooperatives in our homeland is more unique because cooperatives were born and have grown naturally during the colonial periode (Harsoyo 2006). The Surabaya City Cooperative and Micro Business Office is expected to give attention and take sides in the context of community empowerment through cooperatives, but in reality it is still there is a phenomenon that in the city of Surabaya, cooperatives that have been formed have not been as expected, because there are still many who have not carried out their obligations. In order for cooperatives that have been established to develop properly, it is necessary to know the factors that may affect the performance of cooperatives.

The phenomenon that occurred in cooperatives in the city of Surabaya during the period 2017 to 2019 showed an increase in the number of cooperative institutions, but in terms of management, which had carried out RAT as much as 32% in 2017 and 33% in 2019. The development of business volume tends to increase in

2017-2019 and, in 2019 the average has reached Rp 6,936,428,342. The remaining aspect of the cooperative's business results tends to increase from year to year. This condition is inseparable from the managerial and leadership roles of cooperative organizations in running their organizations.

The results of studies by Andjarwati et al. (2021); Andjarwati & Setiawan (2017); Brahmawati & Suprayetno (2008); Februnto et al. (2008); Harlen (2007); Panjaitan & Mujanah (2014); Purnama (2013); Rediyono & Ujianto (2013); Ritawati (2013); Situmorang (2013) show that organizational culture has a significant effect on cooperative performance. The results of the study of Haroon et al. (2012); Muafi (2009); Mustikowati & Tysari (2014); Oeij et al. (2012); Prakoso (2005) show that innovation has a significant effect on organizational performance. Meanwhile, the results of studies by Andjarwati & Setiawan (2017); Rediyono & Ujianto (2013) show that innovation has no significant effect on organizational performance.

Meanwhile, Gosselin's study (2005:435) states that entrepreneurial orientation has a significant effect on company performance. Andjarwati & Setiawan's study (2017) that entrepreneurial orientation has a positive and significant effect on cooperative performance. The results of the study of Porter (2008), competitive advantage can only be achieved through continuous efforts to brainstorm designs and strategies to be able to realize continuous competitive advantage. According to Keban, performance in an organization is defined as the level of achievement of the results of "the degree". of accomplishment" or performance is the level of achievement of organizational goals on an ongoing basis. Performance is a description of the level of achievement of the implementation of an activity / program / policy in realizing the goals, objectives, mission, and vision of the organization contained in the strategic planning of an organization (Mahsun, 2006:25).

Cooperatives have a significant role in structuring the joint efforts of people with limited economic capacity. In the context of efforts to advance the position of people who have limited capabilities, the Indonesian government pays attention to the growth and development of cooperatives in Indonesia by using 3 strategies, namely short, medium and long term strategies.

There are four variables that are used to measure the strategy for improving the performance of cooperative organizations (Y), namely: strategies for improving the performance of cooperatives; Organizational Culture (X1) and Innovation, (X2) where Entrepreneurship Orientation (Z) is a mediating variable.

II. THEORITICAL REVIEW

Carl Von Clausewits (Carl Philipp Gottfried) (1780-1831) an expert on strategy and warfare, Understanding strategy is the use of battle to win the war "the use of engagements for the object of war". Then he added that politics or policy was something that happened after the war (War is a mere continuation of politics by other means / Der Krieg ist eine bloße Fortsetzung der Politik mit anderen Mitteln).

Strategic management (strategic management) according to Hunger J David & Thomas L Wheelen in their book entitled Strategic Management is translated by Hasibuan (2003) from the original title: Strategic Management is a series of managerial decisions and actions that determine the company's performance in the long term. Meanwhile, according to Fred R David in his book entitled Strategic Management Concepts translated into Indonesian by Lukman & Dendawijaya (2003), it can be defined as the science of formulating, implementing, and evaluating cross-functional decisions that enable the organization to achieve its goals.

A. Human Resource Management Strategy

Hasibuan (2003) natural resource management (HRM) is the science and art of regulating the relationship and role of the workforce so that it is effective and efficient in helping the realization of the goals of the company, employees and society. According to Henry Simamora (2010) HRM is the utilization, development, assessment, reward and management of individual members of the organization or work group. HRM is the application of appropriate and effective in the process of acquisition, utilization, development and maintenance of personnel owned by an organization effectively to achieve an optimal level of utilization of human resources by the organization in achieving its goals. According to Nawawi (1997:144), the series of implementation of HR planning that is integrated with business strategic plans in the short and long term are as follows: Develop a business strategy plan with a long-term perspective (5-10 years) or more in the future, Prepare a plan business operations described in a strategic plan with a medium-term perspective (3-5 years) in the future, Prepare an action plan in the form of a budget with an annual perspective that describes business activities that will be carried out for one year (annual) by providing a certain budget to be realized.

Human resource activities are the most central part of the human resource management process and are a series in achieving organizational goals. These activities will run smoothly, if they utilize management functions. There are 2 groups of human resource management functions, the first is managerial functions

including planning, organizing, directing and controlling functions. Second, organizational functions including manpower procurement, development, remuneration, integration, maintenance and termination of employment.

Handoko (2001:118) states that the main purpose of human resource management is to increase the contribution of human resources (employees) to the organization in order to achieve the productivity of the organization concerned. Meanwhile Werther and Davis stated that the purpose of human resource management includes several objectives, including: Social, Organizational, Functional and Personal.

So in general, the purpose of the human resource strategy is to support the success of an organization or company, whether engaged in the production of goods and services, business organizations or non-business organizations. In an organization, both business and non-business, it will not operate without the human resource factor, therefore a strategy related to human resources is needed.

B. Cooperative Performance

The results of the study Surjadi (2009:7), "Performance is the totality of the work achieved by an organization achieving organizational goals means that the performance of an organization can be seen from the degree to which the organization can achieve goals based on predetermined goals". According to the study results of (Sobandi, 2006:176), organizational performance is something that has been achieved by the organization within a certain period of time, both related to input, output, outcome, benefit, and impact.

The creation of an effective performance measure in this study is the organizational performance of a cooperative business entity that uses a balanced scorecard approach as a means of evaluating the performance of a cooperative business entity.

(Robbins, 2001) that performance is a function of ability, motivation, and opportunity. Physiologically, ability (ability) which consists of potential ability and reality ability. Ropke & Djatnika (2003) in states that the goals of a cooperative include: business success, member's success, and development success.

(Kaplan & Norton, 2000:11) The Balanced Scorecard provides more comprehensive, accurate, and precise information for the implementation of the vision and mission of the business entity through the chosen strategy based on the company's situation and condition. With the Balance Scorecard concept, the achievement of the organization's vision is comprehensively reduced into four perspectives, namely: Financial Perspective, Customer Perspective, Internal Business Process Perspective, Growth and Learning Perspective. Ropke (1995) on the purpose of cooperatives as a measure of performance appraisal has developed with the Balanced Scorecard theory from Kaplan and Norton.

Organizational culture

Organizational behavior (organizational behavior) is the study and application of knowledge about how people, individuals and groups act in organizations. According to (Luthans, 2005:20). Organizational Behavior represents the human resource side, not the overall management. Approaches that are known in management include process, quantitative, systems, knowledge and contingency approaches.

Organizational culture according to Boon (2002) is essentially the basic values of the organization, which will act as the basis for behaving, behaving and acting for all members of the organization. A similar opinion was expressed by Moelyono (2004:18) that organizational culture is a value system that is believed by all members of the organization, which is studied, applied and developed continuously and serves as an adhesive and used as a reference in behavior. Organizational culture according to the study of (Mangkunegara & Prabu 2005:113) is a set of assumptions or belief systems, values and norms developed in organizations that are used as behavioral guidelines for its members to overcome problems of external adaptation and internal integration.

So in general, organizational culture is a system of basic values in the organization and shared beliefs and norms developed within the organization to be used as guidelines for behaving, behaving, and acting by all members in the organization. And the hope that the leader will carry out everything in organizational practice and produce behavioral norms that are used as guidelines for people in the organization.

Cooperative is a group of people who are committed to live and work together. In this case togetherness is an important capital for the sustainability of a cooperative. In its journey, cooperatives must always provide education for members on an ongoing basis so that understanding and commitment are always built and maintained. This is very basic because it will be the key to raising the awareness of members to be involved in taking responsibility for raising a jointly owned business.

C. Innovation

Rogers (2007) explains that innovation is an idea, practice, or object that is considered new by individuals from one unit of adoption to another. Suryani (2008) argues that innovation in a broad concept is not only limited to products. Innovation can be in the form of ideas, methods or objects that are perceived by someone as something new. Innovation is also often used to refer to changes that are perceived as new by the people who experience it. Although the idea has been around for a long time but this can be said to be an innovation for

people who have just seen or felt it. According to Sutarno (2012), innovation is the transformation of knowledge into new products, processes and services, the act of using something new. Fontana (2011) argues that innovation is economic and social success thanks to the introduction of new ways or new combinations of old ways of transforming inputs into outputs that create major changes in the relationship between use value and prices offered to consumers and/or user, community, social and environmental.

Innovation is the development or utilization of ideas, methods, or methods that are considered new by individuals or groups that can be adopted from other people or organizations which are then transformed as inputs into outputs as a result of creating major changes in relation to the use value offered to consumers, community, and organizational environment to apply creativity in order to enrich life for society as a whole. The development of cooperative businesses also requires the development of human resources, namely increasing insight, knowledge and skills in cooperatives and entrepreneurship. Entrepreneurship in cooperatives is the application of the basic concept or entrepreneurial spirit in cooperative organizations and is known as "entrepreneurship". The meaning of entrepreneurship is a positive mental attitude in a comparative business by taking innovative initiatives and the courage to take risks and stick to the principle of cooperative identity. If a cooperative wants to continue to progress and develop and truly prosper its members, the management must act professionally. The management is required to be creative and innovative, able to make breakthroughs in the field of business development. Several steps can be taken with several aspects, namely Human Resources Aspects, Business Aspects, Information and Technology Aspects and Institutional Aspects

D. Entrepreneurship Orientation

According to Porter (2008) that entrepreneurial orientation can be interpreted as a company benefit strategy to be able to compete more effectively in the same market place. Meanwhile, another understanding is mentioned by (Anidityas et al. 2012) who argues that "Entrepreneurial orientation is a process, practice, and decision-making activity that leads to new entry. Entrepreneurial orientation emerges from the perspective of strategic choice which states that the opportunity for new entry to succeed is highly dependent on the performance of the goal. In Anitah (2011) that entrepreneurial orientation is something that leads to processes, exercises and activities in decision making for new product development.

Purnama (2013) with the topic Influence Analysis of Organizational Culture, Organizational Commitment, Job Satisfaction and Organizational Citizenship Behavior (OCB) Toward Improved Organizational Performance. The results of his research show that: 1) Organizational Culture has a positive effect on Organizational Commitment, 2) organizational commitment has a positive effect on job satisfaction, 3) Organizational culture has a positive effect on Organizational Citizenship Behavior (OCB), 4) Job satisfaction has a positive effect on Organizational Citizenship Behavior (OCB). 5) Organizational commitment has a positive effect on Organizational Citizenship Behavior (OCB), 6) Organizational culture has a positive effect on organizational performance, 7) Job satisfaction has a positive effect on organizational performance, 8) Organizational commitment has a positive effect on organizational performance, 9) Organizational Citizenship Behavior (OCB) has a positive effect on organizational performance.

Oeji et al. (2012) on the topic of Workplace Innovation and its Relations with Organizational Performance and Employee Commitment. The results of his research show that job innovation has a positive and significant effect on perceptions, quantitative and qualitative self-reported organizational performance on the one hand, and satisfaction with employee commitment on the other.

Kumalaningrum et al. (2011) with the topic of Entrepreneurship Orientation and Innovation Success: the role of market orientation and gender as moderating variables. The results of his research show that entrepreneurial orientation has a significant effect on innovation success, market orientation moderates the relationship between entrepreneurial orientation and innovation success, entrepreneurial orientation in both gender business owners does not moderate the effect of entrepreneurial capability on innovation success.

Andjarwati & Setiawan (2017) with the topic of the influence of transformational leadership, organizational culture and innovation on cooperative performance mediated by entrepreneurship and organizational commitment. The results of his research are transformational leadership, organizational culture, innovation, positive and significant effect on entrepreneurial orientation in cooperatives, transformational leadership, organizational culture, innovation, positive and significant effect on organizational commitment in cooperatives, transformational leadership and innovation have no significant positive effect on cooperative performance while Organizational culture, entrepreneurial orientation, organizational commitment have a positive and significant effect on cooperative performance.

Haroon et al. (2012) with the topic Relationship between Entrepreneurial Orientation, Firm Resources, SME Branding and Firm's Performance: Is Innovation the Missing Link? mediates the relationship between Corporate Resources and Corporate Performance, Innovation mediates the relationship between SME Branding and Corporate Performance, Innovation mediates the relationship between Entrepreneurial Orientation, Corporate Resources, SME Branding and Corporate Performance

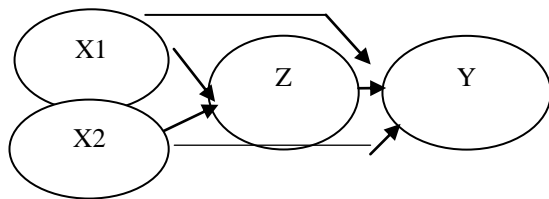
III. RESEARCH METHODS

Problem analysis uses a deductive approach (theoretical study) and an inductive approach (empirical study). The deductive approach is an approach in analyzing problems and things that are general to things that are specific in nature to clarify insights in conducting analysis through established theories and concepts. general matters to clarify insight in conducting analysis through empirical studies.

Through a deductive and inductive approach that are interconnected, it is hoped that a picture of the concept of thinking is obtained in accordance with the theoretical and empirical foundation that has been built. With a deductive-inductive approach that is interconnected and complementary, it is intended to determine and at the same time deepen the research variables, namely: Organizational Culture, Innovation, Entrepreneurial Orientation, and Cooperative Performance Improvement Strategies. Data analysis used statistical analysis of Structural Equation Modeling (SEM).

Statistical tests with SEM provide information about proving hypotheses, so that study findings are obtained that will contribute to theoretical studies that support, reject and / or develop theoretical studies which are of course expected to be useful for the development of science, especially theories of organizational behavior, namely: Strategy Improving Cooperative Performance, Organizational Culture, Innovation and Entrepreneurship Orientation as an academic work. In addition, the dissertation will also contribute to empirical studies in the form of empirical findings that support, reject and/or develop empirical studies, as a reference for further studies, as a basis for providing suggestions/recommendations for practical decision making, and enriching previous studies (shown by arrows in the direction of empirical study). The conceptual framework for this study is shown in Figure 3.2 below.

Research Conceptual Framework



Where X1 is organizational culture, X2 is innovation, Z is entrepreneurial orientation and Y is a strategy for improving cooperative organizational performance

A. Population and Sample

The population is all primary cooperatives in the city of Surabaya as many as 400 cooperatives which have the characteristics: (a) Have a minimum of 100 members, (b) Actively operate and carry out RAT for 3 consecutive years, (c) Have more than two business units, (d) Have assets above 1 billion. From the data from the Surabaya City Cooperatives and UMKM Service, a sample of 138 cooperatives that have the above criteria were taken, while the unit of research analysis was the administrators and supervisors of primary cooperatives in the city of Surabaya. The sample is part of the number and characteristics possessed by the population, (Sugiyono 2010) The method used to determine the number of samples is using the Slovin formula (Sevilla 1960)

B. Conceptual and Operational Definitions of Research Variables

The variables in the study can be classified which consist of: organizational culture (X1), and innovation (X2) variables, entrepreneurial orientation (Z) and cooperative performance improvement strategies (Y).

C. Cooperative Performance Improvement Strategy

The operational definition is the perception felt by the management of a cooperative business entity, so that it can provide value from the results of its performance and can contribute to regional development, including the surrounding community. The indicator used to measure value is based on Kaplan & Norton (2000) stating an integrated performance benchmark that comes from company strategy and supports company strategy throughout the organization, this is what is usually called the Balanced Scorecard. With the Balance Scorecard concept, the achievement of the organization's vision is comprehensively reduced into four perspectives, namely: Financial Perspective, Customer Perspective, Internal Business Process Perspective, Growth and Learning Perspective. According to Hunger & Wheelen (1993) states there are 4 factors for developing SWOT human resources, namely: strengths (strengths), weaknesses (weaknesses), opportunities (opportunities), and threats (threats).

D. Organizational culture

The operational definition is the basic values of cooperatives that are played by the management/supervisor as the basis for behaving, behaving, and acting for all members of the cooperative. According to Tika (2006) states that there are 10 characteristics of organizational culture, but in this study selected 4 (four) characteristics that are considered relevant to the culture of cooperatives, namely: Orderliness, Consistency, Adaptation and Mission.

E. Innovation

The operational definition is the idea of cooperative management practices that are considered new by members of the organization by adopting other, more established cooperatives. Bungin (2006) suggests five characteristics of innovation as follows: Relative Advantage, Compatibility, Complexity, Trialability, Observability.

F. Entrepreneurial Oriented (Entrepreneurial Oriented)

The operational definition is the perception felt by the management about the organizational climate and culture created by the management as an entrepreneur for the tasks and work carried out for the purposes of the cooperative. The indicators used through the approach proposed by Achmad (2003) relate to entrepreneurial characteristics and essential values that are very important, namely: Confidence in the profession, Task and result oriented, Courage to take risks, Leadership, Oriented to the future or visionary and Originality in creativity and innovation.

G. Research Instruments

The research instrument used in this research is a questionnaire, where later the questionnaire consists of two parts, namely: Data on all primary cooperatives in the city of Surabaya, Data relating to all variables of this study

The questionnaire used as an instrument in this study was designed based on the results of a theoretical study which was then formulated in several parts of the questionnaire variable by the researcher. The process of developing the questionnaire was carried out in three stages: Preparation of the instrument was carried out intensively by the researcher, Testing of the instrument was carried out verbally with the administrators and supervisors being used as trial samples, distributing the revised questionnaire and for testing and then distributing it to cooperative business entities which were used as research samples. as many as 138 cooperative business entities.

By using Validity Test, Reliability Test, Data Analysis Techniques, Confirmatory Factor Analysis, Regression Weight, Conformity Test and Statistical Test.

H. Research result

The results of the parameter estimation of organizational culture variables on entrepreneurial orientation based on the indicators show significant results with a CR value of 5.196, this value is greater than 1.96, and the resulting significance level (p) is 0.000 ($p \leq 0.05$). In addition, the path coefficient (standardized estimate) is 0.396 (positive). Thus, the second hypothesis which explains that organizational culture has a positive and significant effect on entrepreneurial orientation is proven true.

The results of the estimation of the organizational culture variable parameters on the cooperative performance improvement strategy based on the indicators show significant results with a CR value of 2,324, this value is greater than 1.96, and the resulting significance level (p) is 0.020 ($p \leq 0.05$). . In addition, the path coefficient (standardized estimate) is 0.182 (positive). Thus, the eighth hypothesis which explains that organizational culture has a positive and significant effect on the strategy of improving cooperative performance is proven true.

The results of the estimation of the innovation variable parameters on entrepreneurial orientation based on the indicators show significant results with a CR value of 6.232, this value is greater than 1.96, and the resulting significance level (p) is 0.000 ($p \leq 0.05$). In addition, the path coefficient (standardized estimate) is 0.447 (positive). Thus, the third hypothesis which explains that innovation has a positive and significant effect on entrepreneurial orientation is proven true.

The results of the estimation of the innovation variable parameters on the cooperative performance improvement strategy based on the indicators show insignificant results with a CR value of 0.613, this value is smaller than 1.96, and the resulting significance level (p) is also 0.623 ($p > 0.05$). Thus, the ninth hypothesis which explains that innovation has a positive and significant effect on the strategy of improving cooperative performance is not proven true.

The results of the estimation of the entrepreneurial orientation variable parameter on the strategy of improving cooperative performance based on the indicators show significant results with a CR value of 4.144,

this value is greater than 1.96, and the resulting significance level (p) is 0.000 ($p \leq 0.05$). . In addition, the path coefficient (standardized estimate) is 0.447 (positive). Thus, the tenth hypothesis which explains that entrepreneurial orientation has a positive and significant effect on the strategy of improving cooperative performance is proven true.

I. Discussion

Organizational Culture has a positive and significant effect on Entrepreneurship Orientation in cooperatives in the city of Surabaya. If examined further by looking at the loading factor value for each required indicator that must be more than 0.50 then the organizational culture reflected by involvement, consistency, adaptation, and mission it turns out that all of them show a value greater than 0.50. However, when observed carefully, the indications that reflect organizational culture for cooperative management in the city of Surabaya are dominated by consistency with the highest loading factor value of 0.909 (table 5.19) while the lowest loading factor value of 0.762 is mission.

Organizational culture has a positive and significant effect on the strategy of improving the performance of cooperatives in the city of Surabaya. If we examine further by looking at the loading factor value for each required indicator which must be more than 0.50 then the organizational culture which is reflected by involvement, consistency, adaptation, and mission turns out to all show a value greater than 0.50. However, when observed carefully, the indications that reflect organizational culture for cooperative management in the city of Surabaya are dominated by consistency with the highest loading factor value of 0.909 (table 5.19) while the lowest loading factor value of 0.762 is mission.

Innovation has a positive and significant impact on the entrepreneurial orientation of cooperatives in the city of Surabaya. , and the observability turned out to all show values greater than 0.50. However, if you look closely, the indications that reflect innovation for cooperative management in the city of Surabaya are dominated by complexity with the highest loading factor value of 0.859 while the lowest loading factor value of 0.794 is compatibility. Innovation has a positive and insignificant effect on the strategy of improving the performance of cooperatives in the city of Surabaya. Although when examined further by looking at the value of the loading factor for each required indicator, which must be more than 0.50, the innovations reflected by relative advantages, compatibility, complexity, ability to be tested, and the ability to be observed all show values greater than 0, 50. In addition, when examined carefully, indications that reflect innovation for cooperative management in the city of Surabaya are dominated by complexity with the highest loading factor value of 0.859 while the lowest loading factor value of 0.794 is compatibility.

The entrepreneurial orientation has a positive and significant effect on the strategy of improving the performance of cooperatives in the city of Surabaya. If examined further by looking at the loading factor value for each required indicator which must be more than 0.50 then the entrepreneurial orientation is reflected by self-confidence, task and result-oriented, courage to take risks, leadership, future-oriented, and originality in creativity and innovation all show a value greater than 0.50. However, when observed carefully, the indications that reflect the entrepreneurial orientation of cooperative management in the city of Surabaya are dominated by leadership with the highest loading factor value of 0.883 while the lowest loading factor value of 0.671 is originality in creativity and innovation.

J. Conclusion

Based on the results of the analysis and hypothesis testing that have been carried out and taking into account the research objectives to be achieved from this research, the following conclusions can be obtained:

Organizational culture has a positive and significant effect on the entrepreneurial orientation of cooperatives in the city of Surabaya. This means that the more conducive the organizational culture that occurs in cooperatives, the more creative the entrepreneurial orientation created by the management in cooperatives in the city of Surabaya will be. Likewise, the opposite will happen if the organizational culture is not conducive in cooperatives, then the entrepreneurial orientation will not be created creatively from the cooperative management in the city of Surabaya. The results of this study support the findings of Suhardi & Devie (2015)

Innovation has a positive and significant impact on the entrepreneurial orientation of cooperatives in the city of Surabaya. This means that the stronger the innovation created by the cooperative management, the more creative the entrepreneurial orientation created by the cooperative management in the city of Surabaya. Likewise, the opposite can happen that if the innovation created by the management is not strong, then the entrepreneurial orientation will not be creative created by the cooperative management in the city of Surabaya. The results of this study support the research conducted by Hadiyati (2011), Kumalaningrum et al., (2011)

Organizational culture has a positive and significant effect on the strategy of improving cooperative performance in the city of Surabaya. This means that the more conducive the organizational culture in the cooperative, the better the cooperative performance produced by the cooperative management in the city of Surabaya. Likewise, the opposite can happen that if the organizational culture of cooperatives is not conducive,

then the performance of cooperatives produced by the management is getting worse for cooperatives in the city of Surabaya. The results of this study support the results of studies conducted by Situmorang (2013), Purnama (2013) (Arifin, 2012)

Innovation has a positive and insignificant effect on the strategy of improving the performance of cooperatives in the city of Surabaya. This means that the research hypothesis is rejected and not proven. The results of this study do not support the results of studies conducted by Haroon et al. (2012) Oeiji et al. (2012).

Entrepreneurial orientation has a positive and significant effect on the strategy of improving the performance of cooperatives in the city of Surabaya. This means that the more creative the entrepreneurial orientation created by the cooperative management, the better the cooperative performance produced by the cooperative management in the city of Surabaya. On the other hand, it could happen that the less creative the entrepreneurial orientation created by the cooperative management, the poorer the cooperative performance produced by the cooperative management in the city of Surabaya. The results of this study support studies conducted by Situmorang (2013), Umesh Gunarathne (2015), Dawud & Heru (2017)

The results of this study specifically can be concluded that the structural equation model that is built based on a causal relationship with its complexity which includes the variables, namely the cooperative performance improvement strategy, organizational culture, innovation, entrepreneurial orientation, has shown a good and appropriate model or goodness of fit. Partially for the organizational culture variable, entrepreneurial orientation, can directly affect the cooperative performance improvement strategy.

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