THE EFFECT OF ORGANIZATIONAL CULTURE, AND ENTREPRENEURSHIP CHARACTERISTICS OF KNOWLEDGE MANAGEMENT ON COMPANY PERFORMANCE
(STUDY ON CONSTRUCTION SERVICES COMPANY FIRST SMALL QUALIFICATION PAPUA IN JAYAPURA)

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ABSTRACT

Small-scale construction service companies originated from Papua, although they have easy access in getting projects through government policy, have not shown significant progress. Organizational culture is a valuable resource for creating a strong company and producing high performance. This study tries to examine and analyze (1) the influence of organizational culture on entrepreneurial characteristics, knowledge management, and company performance, and (2) the influence of entrepreneurial characteristics and knowledge management on company performance. (3) whether entrepreneurial characteristics and knowledge management mediate the influence of organizational culture and company performance. This study is conducted on small-scale construction service companies owned by indigenous people of Papua in Jayapura. This research is a census since all the population of 136 small-scale companies owned by Papuans working in construction service is selected as the sample. The analytical tool used in this study is Generalized Structured Component Analysis (GSCA). The research findings show that, first, organizational culture and entrepreneurial characteristics significantly and positively influence company performance. Second, knowledge management does not significantly influence company performance. Third, entrepreneurial characteristics are able to mediate the influence of organizational culture on company performance. Fourth, knowledge management does not mediate the influence of organizational culture on company performance.

Keywords: Organizational culture, entrepreneurial characteristics, knowledge management and corporate performance.

Introduction

The service company of contractor original small qualification in Jayapura is the last three years experienced by a rapid development. A construction services of company is implementing for small qualification in Papuans. The service company of contractor original small qualifications do not yet have a strong competitive edge to get a job in the field of construction. The service company is executing a small qualification in Papuans that largely depends on the direct appointment of a project without going through the bidding process. The problems faced by indigenous entrepreneurs, according to Mansnembra Papua (2007) said that in a one-day seminar “Initiation of New Breakthrough for Strengthening First Person Papua, are as follows: (a) The amount is more, although not as much as entrepreneurs non Papua; (b) From the size of the business (business size), there are relatively large employers; (c) Employers Papuans most contractors, and rely on government programs; (d) Most reside in urban areas; (e) The problems vary; (f) Most feel that the capital is a major problem but not necessarily; (g) Most are not independent, the organization is not healthy and managing traditional business.

The organizational culture is directly affect to the organization that it is proposed by Denison (1990), so the organizational culture can have an impact on organizational performance. While, the organizational culture also indirectly through the entrepreneurial characteristics capable of generating organizational performance (Lee and Peterson, 2000; Zahra et al., 2006; Engelen et al., 2014). Some cultural organizations also indirectly through the knowledge management on the organization performance (DeLong and Fahay, 2000; Leidner et al., 2006; Davenport and Klahr, 1998; Powell, 1998). Based on the opinions expressed by an expert on organization's culture that can directly and indirectly affect to the performance of the organization. Indirect influence of organizational culture on organizational performance can be through the characteristics of entrepreneurship and knowledge management.

Performance can improvement some contractor services company of small qualification Papuans in Jayapura can be done by strengthening the organizational culture. In this study, the research problem is formulated as follows: a) Is the organizational culture significantly influence to the entrepreneurial characteristics, knowledge management, and performance of the company; b) What are the characteristics of entrepreneurship, knowledge management, have significant effect on the company performance; c) What is an entrepreneurial characteristics and knowledge management is mediates the influence of organizational culture on company performance. While, the purpose of this studies are: a) Examine and analyze the significant influence of organizational culture on entrepreneurial characteristics, knowledge management and corporate performance: b) Examine and analyze the effect of significant characteristics of entrepreneurial and management knowledge to company performance: c) Examine and analyze the characteristics of entrepreneurship and knowledge management as a mediating influence of organizational culture on company performance.
Theoretical Framework

Organizational culture
An organizational culture that possessed an organization can produce a performance for the organization Denison (1990). Organizational culture is a system of shared meaning held by members that distinguishes the organization with other organizations Robbins and Judge, (2007), Cornwall and Perlman (1990), states that the organizational culture is the first step in fostering entrepreneurship within the company, and organizational culture is a determinant of entrepreneurial orientation. Organizational culture is the behavior patterns, arts, beliefs, institutions, and all other products of human work and thought that distinguishes an organization with other organizations by Kottler and Haskett, (1997); organizational culture play a role in generating competitive advantage (Scholz, 1987). Organizational culture facilitates the interaction of individuals and the values that are owned and enable management to achieve competitive advantage (Ogbonna, 1993). An organizational culture that is used in this research were presented Denison (1990), that there is a reciprocal relationship between organizational culture that comprises engagement (involvement); consistency; adaptability, mission, to company performance.

Characteristic of Entrepreneurship
Characteristic of entrepreneurship is the ability to see an opportunity with a certain courage to turn it into a valuable way of deployment of creative and innovative ideas and dare to risk (Longenecker et al., 2001). Entrepreneurial characteristics can be seen through the characteristics of the company (Miller 1983), the future advantage of the flow of the company's operations is uncertain where the business needs to constantly look for new opportunities (Wiklund and Shepherd, 2005). Lumpkin and Dess (1996), suggests there are five dimensions of entrepreneurial characteristics, namely: autonomy, innovation, risk-taking, proactive and aggressive. Koh (1996) argued that the entrepreneurial characteristics is composed of six dimensions, namely: the need for achievement, self-control (locus of control), a risk taker, tolerance of uncertainty, confident, innovative. Based on the opinion of Lumpkin and Dess (1996), Koh (1996), said that the entrepreneurial characteristics used in this study is includes for six dimensions: the innovative, proactive, perseverant, risk takers, self-control, and aggressive.

Knowledge management
The building of knowledge management is a systematic, explicit and intentional, renewal, and application of knowledge to maximize the effectiveness of organizational knowledge (Wiig, 1999). Knowledge management is extracting and organizing knowledge to develop a profitable organization and more efficiently (DiMattia and Oder, 1997). Knowledge management is a set process of creating and sharing knowledge throughout the organization to optimize the achievement of the mission and goals of the organization (Townley, 2001). According to Watanabe and Senoo (2009), said that management performance of dimension is consists of 4 (four), such as: a) The acquisition of knowledge; b) Storage or sharing knowledge; c) Diffusion of knowledge; d) Application of knowledge. Wang et al. (2009), suggests the dimensions of knowledge management is consists of three dimensions: a) Memory organization; b) Sharing of knowledge; c) Absorption of knowledge. In this study used the knowledge management dimension is consists of five dimensions refer to the dimensions of the proposed by knowledge management and Senoo Watanabe (2009) and Wang et al. (2009), is as follows: a) The acquisition of knowledge; b) storage / sharing knowledge; c) diffusion of knowledge; d) Absorption of knowledge; e) Application of knowledge.

Figure 1. Conceptual Framework

Organizational Culture
Entrepreneur characteristics
Knowledgement management
Company Performance

Based on the conceptual framework of research that has been presented in Figure 1, it can be formulated by hypothesis of the study as follows; Research by Mueller and Thomas (2000), shows that organizational culture has a relationship to the potential of entrepreneurship. Ogbonna and Harris (2000) and O'Neill et al. (2009), said that the organizational culture has contributed by a sustainable manner towards entrepreneurship. Based on previous research, it can be prepared the following research hypothesis.

H1: Organizational culture can enhance the entrepreneurial characteristics.
Organizational culture has an influence on the process of knowledge management. Lai and Lee (2007), organization culture correlated with activity management. Watanabe and Senoo (2009), organizational culture has a significant influence on knowledge management. Yeh et al. (2006), organizational culture has a role in the implementation of knowledge management.
Cardoso (2012), organizational culture significantly influence the knowledge management. Based on the results of previous studies, it can be prepared the following research hypothesis.

H2: Organizational culture can improve knowledge management.

Denison (1990), as well as Kotter and Heskett (1992), suggests that the performance of an organization depends on how far the values of a strong culture spread widely in the organization. This suggests that organizational culture can affect to the organization performance. The previous study conducted by Ogbonna and Harris (2000), said that an innovative culture and a competitive culture significantly influence the company's performance. Organizational culture has an impact on organizational performance. Tseng (2011) Shahzad et al. (2012), said that the organizational culture has a positive impact on organizational performance. Ehtesham et al. (2011), said that the organizational culture significant effect on organizational performance. Ojo (2010), said that the organizational culture related to the company performance. Based on the results of previous studies are then drafted by the research hypothesis as follows:

H3: Organizational culture can improve the company performance.

Wang (2008), said that the entrepreneurial orientation has a role in generating performance of SMEs. Lumpkin and Dess (1996), stated that entrepreneurial behavior linked to performance. Rauch et al. (2004), said that the relationship between entrepreneurial orientation and performance. Arbaugh et al. (2009), said that the entrepreneurial orientation influence on the profit of the company performance. Hosseini and Eskandari (2013), said that the entrepreneurial orientation has significant effect on performance.

H4: Entrepreneurial characteristics can improve the company performance.

David and Yusoff (2010), said that the knowledge management has significantly influence to the company's performance. Muhammad et al. (2011), said that the knowledge management has correlated to performance. Lee and Lee (2007), stated that the knowledge management is a significant effect on financial performance. For previous research indicates that knowledge management has a relationship with the company's performance.

H5: Knowledge management can improve the company performance.

Mueller and Thomas (2000), Morrison (2000), said that the organizational culture has a relationship with entrepreneurial characteristics. Ogbonna and Harris (2000) and O'Neill et al. (2009), described that the organizational culture related to the entrepreneur characteristics. Wang (2008), Lumpkin and Dess (1996), Rauch et al. (2004), Arbaugh et al. (2009), Hosseini and Eskandari (2013), said that the entrepreneurial characteristics related to the company performance.

H6: Entrepreneurship characteristics as a mediating influence to the organizational culture on company performance. For the past research has linked between the organization culture and knowledge management. Tseng (2011), Lai and Lee (2007), Watanabe and Senoo (2009), Yeh et al. (2006), Cardoso (2012), described that the research suggests for organizational culture related to the knowledge management. In addition, other studies linking knowledge management to corporate performance, the study was conducted by David and Yusoff (2010), and Muhammad et al. (2011), said that knowledge management related to company performance. While, research by S.Lee and Lee (2007), said that making a knowledge management as a mediating the relationship between culture and performance.

H7: Knowledge management as a mediating influence of organizational culture on company performance.

Methodology
This research is explanatory. This study examined by relationship between independent variables and the dependent variable using a mediating variable. The independent variables in this study is the culture of the organization, the dependent variable is a performance of the company. While, some research is effect to mediating variable is a characteristic of entrepreneurship and knowledge management. The study was conducted in Jayapura by took an object of research is a service company contractor in Papuan small qualification. The research object is a construction services company implementing as a small qualification from Papuans. The population in this study is a construction services company implementing small qualification Papuans. Based on the data from Gapensi Jayapura, the number of contractor services company owned by the son of Papuans as many as 136 companies. This study used a sample of saturated, where all populations sampled by a Likert Scale (Likert scale), which consists of 5 points (Davis and Cosenza, 1993). The analysis tool used is the structural model using Generalized structured component analysis (GSCA).

Results
Influence of Organizational Culture on Entrepreneurial Characteristics known positive and significant impact that the first hypothesis is accepted. The results based on the analysis of GSCA loading of the biggest factors of organizational culture is an indicator of consistency (0.901) where beliefs and values held for running job in order to achieve the targets of the work that has been set for example in carrying out project activities must be timely and quality with consideration honesty in carrying out project activities. Meanwhile, according to Likert scale analysis of the highest indicators are indicator mission (3.93) Which means that the importance of a clear direction and goals for appropriate action for the organization and its members where the owner companies often provide direction on actions to be done in achieving the goals of employees work, such as maintaining the quality of work, finish the work on time and the right quality at an economical value. Individual behavior likely to result from
a pattern of behavior that is consistent with the culture and endure from time to time (Hofstede 1980; Characteristics of personal entrepreneurial formed on the culture of the organization that has been in force (Barnouw 1979). The results of this study are theoretically supported by the theory proposed by Barnouw (1979), Hofstede (1980).

**Influence of Organizational Culture on Knowledge Management known positive and significant effect so that the second hypothesis is accepted.** The results of this study can give a sense that, organizational culture is directly related to the performance of the organization. The results also support previous research conducted Yeh et al. (2006), Watanabe and Senoo (2009), Tseng (2010), Cardoso (2012), said that the organizational culture has an influence on knowledge management. The results of previous research gives the sense of the organizational culture can influence on knowledge management.

The influence of organizational culture on company performance known to influence positively and significantly so that the third hypothesis is accepted which means that the organizational culture of construction services company and implementing for small qualification in Papuans that supported by the achievement of company performance. The company owners have an organizational culture that is strong enough to support the achievement of the company's success. Based on the descriptive analysis of the most widely perceived in the culture of an organization is an indicator of the mission (3.93). Leaders of companies working to improve employee awareness of the importance of clear direction and goals, and the appropriate action for company in realizing the mission of the company is expected to contribute towards achieving the company's success. Empirically indicators most instrumental in shaping the culture of the organization is an indicator of consistency (loading factor, 0.901). Some company leaders are emphasizing to employees that the beliefs and values of honesty owned in order to achieve objectives in carrying out the work and prioritize aspects of the firm belief some employees and other parties so that they can fully support the company's operations to produce high performance for the company.

The performance of an organization depends on the extent to which the values of culture at large is a strong organizational culture (Kotter and Heskett, 1992). The results of this study provide support for the views expressed by Denison (1990) said that organization culture that supports the company is able to provide improved performance. The results also support previous research that noted Ogbonna and Harris (2000), Ehtesham et al. (2011), Ojo (2010), that organizational culture has an influence on the company's performance.

Entrepreneurial characteristics influence on the companies performance known has positive influence and significant that the fourth hypothesis is accepted. The results of this study are perceived by the contractor services company is an indicator of persistence (3.93) where persistence owned by company leaders that still do not show an adequate level of entrepreneurial reliable. Based on the analysis GSCA considered by instrumental in shaping the entrepreneurial characteristics. So, the greatest value of the loading factor is proactive indicator (0.809) for companies should have new methods in running the company to complete the work in a timely and precise quality. The results are supported by the statement from Zimmerer and Scarborough (2005), said that in order to produce high performance and effort required by the develop of entrepreneurial characteristics. Entrepreneurial characteristics are perfectly able to mediate the relationship between organizational culture and company performance.

**Conclusion**

First, Cultural organizations are able to give effect to significant entrepreneurial characteristics of organizational culture on contractor services company Papuans have a role in shaping the values appropriate to develop entrepreneurial characteristics. Overall organizational culture can directly improve the characteristics of entrepreneurship, knowledge management and corporate performance. Both of organizational culture construction services of company is implementing for small qualification in Papuans have an impact to the knowledge management in the organization culture. Third, organizational culture adopted by the company contractor services small qualification Papuans a direct impact on the performance of companies in which the application of organizational culture can provide support for employees to optimize capabilities in performing the work so as to obtain better working results. The fourth characteristic of entrepreneurial services company owned by the contractor qualification Papuans have little impact on company performance. Entrepreneurial characteristics contractor services company small qualification Papuans able to actively run the business resulting in higher performance of the company. Fifth, knowledge management services company owned by the contractor small qualification Papuans are still not able to improve the performance of the company. The implementation of knowledge management have been unable to fully support management practices and organizational learning in order to help some organization carry out the work in accordance with the development. Sixth, entrepreneurial characteristics have a role to mediate between organizational culture and organizational performance. The results of this study show that entrepreneurial characteristics possessed by some buyer with little qualification contractor in Papuans that able to support some organizations cultural and to produce the corporate performance. For a specific characteristics perceived by entrepreneurial most widely performed by perseverance in running for business and company leaders are willing to assist employees in carrying out the work. Seventh, knowledge management for company services are owned by the contractor of small qualification in Papuans. Knowledge management is still needs to be developed by a qualified of services company and contractor of small indigenous Papuans. In this case, to anticipate changes in the environment through the knowledge management by collecting knowledge, absorption of knowledge and implement in business activity.

The construction of services company implementing small qualification Papuans still require an increase in entrepreneurial characteristics, particularly with regard to proactive. Companies still use the old ways to manage the business carried on over the years. Improvement can be done by following of the trainings, workshops, and seminars to develop some skills and manage the business development. The company services are contractor of small qualification in Papuans that still have limited ability to absorb knowledge, so that they are less able to adapt the environmental changes and decrease the competitiveness of enterprises.
In Jayapura city government through the relevant agencies with cooperate and consulting services, to guide the construction services of company then implementing of small qualification in Papuans. In addition, the company can make the planning, implementation and evaluation.

A limitation of this study is only done in service companies implementing construction of small qualification in Jayapura. So, it cannot represent a construction of services company by implementing for small qualification in Papua Province as a whole. Jayapura city can be represent the coastal communities while the Papuan people there who live in rural and upland have different living habits. For researchers who will come in the development of this research can be done in several other districts in the province of Papua, which represents the coastal areas and mountains. For research development can be using a different concept of knowledge management such as changing other variables and add other mediating variables.

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