

# THE EFFECT OF MANAGEMENT INFORMATION SYSTEM AND KNOWLEDGE MANAGEMENT ON MSME PERFORMANCE MEDIATED BY ORGANIZATIONAL COMMITMENT IN MAJALENGKA MSMEs

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## ABSTRACT

The purpose of this study was to investigate the Effect of Management Information System and Knowledge Management on MSME Performance mediated by Organizational Commitment to MSMEs in Majalengka. The methodology used in this study is causality hypothetical testing using cross sectional, hypothesis testing is a method of decision making based on data analysis from controlled and uncontrolled experiments on SMEs in Majalengka. The population is 6,376 people with a sample of 377 respondents. Data collection using questionnaires and data analysis techniques using Path Analysis and PLS. The model proposed in this study shows the direct and indirect effect of Management Information System and Knowledge Management on MSME Performance Mediated by Organizational Commitment. Future research should study other variables that influence the influence of UMKM Performance such as marketing, access to capital, entrepreneurial abilities, human resources, financial knowledge and business plans. This research shows that Management Information System and Knowledge Management as well as Organizational Commitment affect MSME Performance either directly or indirectly. This research is a useful tool to improve MSME Performance through improving Management Information System and Knowledge Management as well as Organizational Commitment. This research model purifies the overall understanding that there is a direct and indirect influence of the Management Information System and Knowledge Management on MSME Performance mediated by Organizational Commitment.

**Keywords:** Management Information System, Knowledge Management, Organizational Commitment, MSME Performance

## 1. INTRODUCTION

Entrepreneurship is the process of creating value by bringing together a unique set of resources to exploit entrepreneurial opportunities (Omisakin., Nakhid., Littrell., Verbitsky. 2016). Entrepreneurship is considered as a major key in promoting economic growth, innovation, competitive advantage, and job creation (Johnson., Snowden., Mukhuty., Fletcher., Williams, 2015), which later in the study found that entrepreneurship is a as

well as the skills needed by an entrepreneur to achieve success. Previous studies and policies that have been made have focused on the conditions needed for entrepreneurship, the definition of new venture creation to good growth (Johnson et al. 2015). The importance of entrepreneurship activities in society has been recognized by various entrepreneurship literatures (Omasakin, et al. 2016), where it is suggested that entrepreneurial strategies, especially in terms of entrepreneurial orientation, can make a major contribution to entrepreneurial performance (entrepreneurship performance) ( Reynolds, 2000).

Entrepreneurship performance/MSME Performance or entrepreneur performance/company performance is the focus in business studies (Gharakhani and Mousakhani, 2012). However, this phenomenon is also complex and multidimensional. Performance can be characterized as the company's ability to create results and actions that are acceptable to all stakeholders (Gharakhani and Mousakhani. 2012). For many organizations, the achievement of improved performance depends not only on the successful application of tangible assets and natural resources but also on effective knowledge management (Lee and Sukoco, 2007).

Organizational commitment is often referred to as an antecedent of corporate growth, competitive advantage, and superior performance (Omasakin, et al. 2016). Previous research confirms that there is a positive influence between Organizational Commitment and MSME Performance (Runyan, 2008). The success of a company depends on organizational commitment and various other factors including age, gender, culture, education, managerial knowledge, length of time, company size, capital, and network connections (Omasakin, et al. 2016). Organizational Commitment is an aspect of entrepreneurship that encapsulates success strategies (Omasakin, et al. 2016).

Rauch, Wiklund, Lumpkin, and Frese (2009) conclude that Organizational Commitment represents the policies and practices that provide the basis for entrepreneurial decisions and actions. Lumpkin and Dess (1996) describe Organizational Commitment as a multi-dimensional process consisting of five dimensions, namely 1) Risk taking, meaning that in running their business, entrepreneurs even though they do not have sufficient capacity or experience, dare to take the risk of losing in order to seize open opportunities. 2) Competitive aggressiveness, namely in running their business, entrepreneurs tend to be passionate about competing, to reach their customers 3) Autonomous, meaning that entrepreneurs have independence in implementing policies and in making strategic decisions 4) Proactive, namely the tendency of entrepreneurs to find out more about advantages -the advantages of competitors, as well as the desires of their customers 5) Innovation, meaning that entrepreneurs always want to create a new product or service, different from those available in the market, and for that they have a tendency to continue to innovate.

In line with global economic developments, MSMEs continue to experience intense competition not only from local competitors but also from outside competitors (Matlayand Westhead, 2005). Several studies have been conducted to examine the factors that influence MSMEs. One of the variables studied for its influence on the performance of small medium entrepreneurs according to Gharakhani and Mousakhani (2012) is knowledge management. Since this research was conducted, the concept of Knowledge Management has been studied for the last two decades (Maddan, 2009). Nonaka and Takeuchi (1995), in their theory of knowledge-based organizations, emphasize the importance of knowledge. The essence of their research is that knowledge is a source of sustainable competitive advantage and that knowledge is the basic foundation for economic performance.

Knowledge is an important asset for MSMEs at this time of global competition (Gharakhani and Mousakhani, 2012). Knowledge can be said to be an important determinant of the success of MSMEs and is undoubtedly one of the sources of sustainable competitive advantage. Furthermore, Gharakhani and Mousakhani (2012) suggest that the Knowledge Management dimension consists of Knowledge Acquisition, Knowledge Sharing and Knowledge Application. Knowledge acquisition is one dimension of Knowledge Management which is defined as a critical knowledge management process to meet existing needs, to identify and exploit existing and existing knowledge assets and to develop new opportunities (Quinstas, et al. 1997).

Knowledge acquisition is the process by which knowledge is acquired (Huber, 1991). The knowledge gained can be tacit, explicit or a combination of the two. Meanwhile, knowledge sharing is defined as a culture

of social interaction, which involves the exchange of knowledge, experience, and skills of employees through entire departments or organizations (Gharakhani and Mousakhani, 2012). Knowledge sharing consists of a set of shared understandings related to providing employees access to relevant information and constructs and using knowledge networks within the organization (Hogel et al., 2003). Knowledge sharing refers to collective beliefs or behavioral routines associated with the spread of learning among different individuals or units within an organization (Moorman and Miner, 1998). It is about how individuals, groups and organizations communicate and learn from each other (Gharakhani and Mousakhani, 2012).

MSME actors in Majalengka Regency until the end of 2016 amounted to 27,528 business units. It consists of 24,195 micro-enterprises, 2,684 small businesses, and business actors (Radar Majalengka, 2017). This should be able to move the wheels of the economy in Majalengka Regency. Because the number of business actors is 27,528 units, meaning that the percentage has exceeded 2 percent of the population of Majalengka Regency. But from the data presented by the Majalengka Regency Government in the 2016 fiscal year accountability report, the economic growth rate in Majalengka Regency in 2016 only reached 5.05 percent. Meanwhile, the Regional Medium-Term Development Plan (RPJMD) targets that in 2016 the economic growth of Majalengka Regency is 5.80 percent. This shows that MSMEs in the Regency have not contributed optimally to economic growth, meaning that the performance of MSMEs in Majalengka Regency is still less than optimal.

Referring to the background and limitations of previous research, the problems that will be discussed in this research are: Is there an influence of Management Information System on Organizational Commitment? Is there any influence of Knowledge Management on Organizational Commitment? Is there any influence of Management Information System on UMKM Performance? Is there any influence of Knowledge Management on MSME Performance? Is there any influence of Organizational Commitment on MSME Performance? Is there an indirect influence of Management Information System on UMKM Performance mediated by Organizational Commitment? Is there an indirect effect of Management Information System on MSME Performance mediated by Organizational Commitment?.

This research was conducted with the aim of researching and analyzing. Among others: To analyze the influence of Management Information System on Organizational Commitment, To analyze the influence of Knowledge Management on Organizational Commitment, To analyze the influence of Management Information System to MSME Performance, To analyze the influence of Knowledge Management to MSME Performance, To analyze the influence of Organizational Commitment to MSME Performance, To analyze the indirect effect of Management Information System on MSME Performance mediated by Organizational Commitment, To analyze the indirect effect of Management Information System on MSME Performance mediated by Organizational Commitment.

## 2. LITERATURE REVIEW

### MSME Performance

Performance or performance aims to determine how a company achieves goals or objective standards (Okayyo et al, 2016). In business research, the definition depends on the discipline or field of study. Wu (2009) relates performance to the value of customers and other stakeholders of a company. Performance means achieving stakeholder interests in a way that is superior to competitors (Okayyo, et al. 2016). Therefore, having superior performance requires an organization to achieve its goals effectively and efficiently (Gathungu et al, 2014). Efficiency and effectiveness have become popular measures and a series of measures in manufacturing, finance, and marketing have been used in the past. In manufacturing, Kombo, K'Obonyo, and Ogutu (2015), Atalay, Anafarta, and Sarvan (2013), Wu (2009), have advocated measuring five key dimensions consisting of reliability, quality, product price or cost, and flexibility to determine performance. The aim is to use a multi-dimensional approach that takes into account the combination of various factors that affect performance, thereby combining the interests of shareholders and stakeholders (Okayyo, et al. 2016).

Operationalization of performance remains a problem in academic research until this research was written. Information is usually considered a contextual issue. The measurement therefore becomes more of a factor than what is being determined and even where and when it is measured. In business in general and in more specific fields such as entrepreneurship, there is a general consensus that the main concern of a company is performance (Gathungu, et al. 2014). Despite this consensus, there is no agreed-upon performance measure. According to Odhiambo (2015), previous research has been carried out to justify the selection of indicators to measure performance and tends to follow tradition. Performance measurement has finally changed in the last few decades, from purely financial indicators to also non-financial performance (Okeyo, et al. 2016).

### **Management Information System**

In today's business environment, more and more organizations are using information technology to improve their competitive position (Martinez and Cagarra, 2010). Information Communication Technology Readiness is a term that is usually applied to assess the development of Management Information Systems (Spinelli, et al. 2013). This study uses the concept of Spinelli et al (2013) to focus on the development of Management Information System infrastructure at the level of MSME companies. With Management Information System Readiness means the presence of a series of strategies, organizational and structural features which are prerequisites for MSMEs to be able to fully utilize the potential of the Management Information System (Dyerson and Spinelli, 2011). In other words, the research is interested in exploring the extent to which small companies can reap the rewards of the strategy, through previous investments in Management Information System infrastructure and Management Information System capabilities. Operationally, this translates into whether the company has access to an up to date Management Information System, and importantly, understands what to do with technology. Haug, et al. (2011) argues that although there have been many studies exploring the decision to adopt a Management Information System in MSMEs, empirical facts show that attention has been far lacking (Spinelli, et al. 2013).

To emphasize the focus on the decision-making process, Haug, et al. (2011) use the term Management Information System Readiness, which refers to the relevant operational processes both in selecting Management Information System projects and in making companies willing to accept and implement Management Information System projects. These factors include external pressure for change and experience and support for the Management Information System by senior managers, as well as employees. However, the study of Haug et al (2011) is limited to three longitudinal case studies. Similarly, the notion of Management Information System Readiness is also evident in the analysis of Chen, et al. (2006) about the adoption of web services, where in this case the simulation is used. Previously Johnston and Carrico (1998) suggested that organizational readiness should include both leadership within the managerial team and the development of an internal knowledge base as a precursor to the strategic integration of Management Information Systems. In contrast, Daniel, et al. (2004) view Management Information System Readiness as varying depending on the culture and strategic goals of individual companies.

### **Knowledge Management**

Knowledge management is a combination of values, experiences, contextual information, expert views that form a framework for evaluating and combining new experiences and information. In organizations, knowledge is often adapted in norms, norms, practices, and processes (Ke and Wei, 2007). This construct is recognized that knowledge is an important strategic resource for a company to maintain its competitive advantage. Knowledge is an asset that needs to be managed properly (Davenport and Prusak, 1998). Knowledge Management is an emerging concept in the field of management and is widely adopted in organizations of developed countries to improve Organizational Performance (Gharakhani and Mousakhani, 2012). It is promoted as an important foundation for companies to develop a sustainable competitive advantage and to stay at the forefront of excellence in the market place.

Knowledge Management can be conceptualized as explicit control and knowledge management in an organization that has a goal to achieve company targets (Liebowitz and Wilcox. 1997). Employees are often unwilling or unable to share their knowledge and expertise with others because of self-interest and lack of trust (Currie and Kerrin, 2003). Thus, it is important for companies to take advantage of employee involvement and

participation through Knowledge Management. Knowledge Management is an approach that more actively utilizes knowledge and expertise to create value and increase organizational effectiveness (Scarborough, 2003). Knowledge Management forms a new way for organizations to achieve knowledge sharing both explicit and tacit. Knowledge Management affects company performance through efficiency in developing intellectual assets which are a source of competitive advantage (Ndlela and du Toit, 2001). For an organization to remain competitive, it must be effective in creating, obtaining, documenting, transferring, and applying knowledge in solving problems and taking advantage of opportunities (Sambamurthy and Subramani, 2005).

There are three dimensions of Knowledge Management based on research by Gharakhani and Mousakhani (2012). First, Knowledge acquisition or knowledge acquisition. Knowledge acquisition is the process by which knowledge is acquired (Huber, 1991). The knowledge gained can be tacit, explicit or a combination of both. Knowledge Management and organizational performance results from knowledge acquisition performance obtained from individual participation and interaction with tasks, technology, resources, and people in certain contexts (Tsoukas, 1996).

### Organizational Commitment

Organizational commitment (organizational commitment), is defined as a condition in which an employee sided with a particular organization and its goals and desires to maintain membership in the organization. So, high job involvement means siding with an individual's particular job, while high organizational commitment means siding with the organization that recruits the individual. (Robbins, 2008). According to Gibson (2009) commitment to the organization involves three attitudes: 1) Identification with organizational goals 2) Feelings of involvement in organizational tasks 3) Feelings of loyalty to the organization. So it is interpreted that organizational commitment is a form of identification, loyalty and involvement expressed by employees towards the organization.

Three separate dimensions of organizational commitment expressed by Robbins, (2008) are: 1) Effective commitment is an emotional feeling for the organization and belief in its values. For example, a Pecto employee may have an active commitment to his company because of his involvement with animals 2) Continuance commitment is the perceived economic value of staying in an organization compared to leaving the organization. An employee may be committed to a employer because he is highly paid and feels that leaving the company will destroy his family 3) Normative commitment is the obligation to remain in the organization for moral or ethical reasons. For example, an employee who is spearheading a new initiative might stays with an employer because he feels "leaving someone in a difficult situation" when he leaves.

### Framework

To provide a clear and focused picture in research, a framework of thought is needed. The framework of thought in this research is as follows.

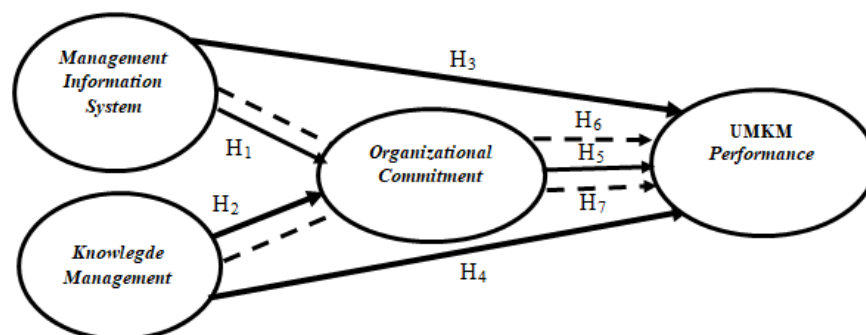


Figure 1. Conceptual Framework

### Hypothesis Development

Based on the problem formulation and conceptual framework, the developments in this study are: H1: There is a positive influence of Management Information System on Organizational Commitment, H2: There is a positive influence of Knowledge Management on Organizational Commitment, H3: There is a positive influence of

Management Information System on MSME Performance. H4: There is a positive influence of Knowledge Management on UMKM Performance, H5: There is a positive influence of Organizational Commitment on UMKM Performance, H6: There is an indirect influence of Management Information System on UMKM Performance mediated by Organizational Commitment, H7: There is an indirect influence of Management Information System on MSME Performance mediated by Organizational Commitment.

### 3. METHODS

**Research design.** Based on the strategy in conducting research, this research uses a survey (survey research), which uses data collection techniques by compiling questions and asking the respondents (Sekaran and Bougie, 2013). Based on the unit of analysis, this study uses an individual analysis unit, which is to collect data from each individual (Sekaran and Bougie, 2013). Based on time, this research uses cross sectional studies, which is done with data, only once collected in a daily, weekly or monthly period in order to answer research questions (Sekaran and Bougie, 2013). The period of distributing the questionnaire was in September-October 2017. This study also uses explanatory research, which is to analyze the concepts and problems studied to see causality, then explain the variables causing the problems studied.

**Population and Sample.** The population in this study is limited to MSMEs in Majalengka, which is 6,376 MSMEs, (BPS Majalengka, 2019). Based on the Slovin formula with a confidence level of 90% (significance level 0.10). Taking into account the statement above, because the population is more than 100 people, the sampling in this study used proportionate stratified random sampling (Sinambela, 2014). With the sampling technique using the formula from Taro Yamane or Slovin (Riduan, 2011), from the results of the calculation of the sample in this study, there were 377 MSME entrepreneurs in Majalengka to become the object of this research through the distribution of questionnaires that were selected proportionally randomly (Proportionate stratified random sampling technique) .

**Data source.** Sources of data used in this study is primary data. Primary data is data obtained or data collected directly in the field by the person conducting the research or the person concerned who needs it. In this study, primary data was obtained from the results of respondents' answers or questionnaires given to MSMEs in Majalengka.

**Data analysis technique.** In this study using path analysis techniques (path analysis) with the help of eviews 7. Path analysis is a statistical analysis technique which is a floating of multiple regression analysis. Classical assumption test is also used which aims to provide certainty that the regression equation obtained has accuracy in estimation, is unbiased and consistent. Multiple linear regression model can be called a good model if the model meets the assumptions, and is free from classical statistical assumptions, be it normality, multicollinearity, and heteroscedasticity. To answer the problem, the t hypothesis test and the f hypothesis test are also used.

### 4. RESULTS AND DISCUSSION

#### Structural Equation I - Hypothesis Test I

Dependent Variable: OC

Method: Least Squares

Date: 03/10/20 Time: 15:02

Sample: 1 377

Included observations: 377

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	20.75485	1.645014	12.61682	0.0000
MIS	0.723674	0.071214	10.16193	0.0000

KM	0.480713	0.065307	7.360873	0.0000
R-squared	0.640499	Mean dependent var	62.78780	
Adjusted R-squared	0.638576	S.D. dependent var	7.482430	
S.E. of regression	4.498327	Akaike info criterion	5.853214	
Sum squared resid	7567.869	Schwarz criterion	5.884505	
Log likelihood	-1100.331	Hannan-Quinn criter.	5.865634	
F-statistic	53.31651	Durbin-Watson stat	1.737671	
Prob(F-statistic)	0.000000			

The t-statistical test basically shows how far the influence of one independent variable is partially in explaining the dependent variable. The strength of the relationship that occurs between each independent variable on the dependent variable is as follows:

- a) In the table above, it can be seen that the management information system variable has a t-count value (10.1619) greater than the t-table (1.96) and a significance value of 0.000 is obtained which is smaller than a significance level of 0.05 ( $0.000 < 0.05$ ). Therefore, it can be concluded that the management information system has a significant effect on organizational commitment, so H01 is rejected and Ha1 is accepted.
- b) In the table above, it can be seen that the knowledge management variable has a t-count value (7.3608) which is greater than the t-table (1.96) and a significance value of 0.000 is obtained which is smaller than a significance level of 0.05 ( $0.000 < 0.05$ ). Therefore, it can be concluded that knowledge management has a significant effect on organizational commitment, so H01 is rejected and Ha1 is accepted.

The F significance test basically shows whether all the independent variables referred to in the model have a joint effect on the dependent variable. Based on table 4.12, it can be seen that the F-count has a value of 53,316 which is greater than the F-table which is 3.04 and a significance value of 0.000 ( $p < 0.05$ ). Thus, it can be said that the management information system variable and the knowledge management variable simultaneously affect the organizational commitment variable.

**Structural Equation II - Hypothesis Test II**

Dependent  
 Variable: UP  
 Method: Least Squares  
 Date: 03/10/20 Time: 13:46  
 Sample: 1 377  
 Included observations: 377

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.413992	0.475082	0.871411	0.3841
MIS	0.681956	0.019458	35.04692	0.0000
KM	0.439115	0.016902	25.98049	0.0000
OC	0.009160	0.012507	0.732389	0.4644
R-squared	0.962856	Mean dependent var	38.95491	
Adjusted R-squared	0.962558	S.D. dependent var	5.622957	
S.E. of regression	1.088045	Akaike info criterion	3.017195	
Sum squared resid	441.5730	Schwarz criterion	3.058917	
Log likelihood	-564.7413	Hannan-Quinn criter.	3.033756	
F-statistic	133.1651	Durbin-Watson stat	1.763845	
Prob(F-statistic)	0.000000			

Sumber: Data diolah dengan *Eviews 7* (2020)

The t-statistical test basically shows how far the influence of one independent variable is partially in explaining the dependent variable. The strength of the relationship that occurs between each independent variable on the dependent variable is as follows:

- a) In the table above, it can be seen that the management information system variable has a t-count value (35.046) greater than the t-table (1.96) and a significance value of 0.000 is obtained which is smaller than a significance level of 0.05 ( $0.000 < 0.05$ ). Therefore, it can be concluded that the management information system has a significant effect on MSME performance, so  $H_01$  is rejected and  $H_{a1}$  is accepted.
- b) In the table above, it can be seen that the knowledge management variable has a t-count value (25.980) greater than the t-table (1.96) and a significance value of 0.000 is obtained which is smaller than a significance level of 0.05 ( $0.000 < 0.05$ ). Therefore, it can be concluded that knowledge management has a significant effect on MSME performance, so  $H_01$  is rejected and  $H_{a1}$  is accepted.
- c) The table above shows that the organizational commitment variable has a t-count value (0.732389) which is smaller than the t-table (1.96) and a significance value of 0.4644 is obtained which is greater than a significance level of 0.05 ( $0.000 < 0.05$ ). Therefore, it can be concluded that organizational commitment has no significant effect on MSME performance, so  $H_01$  is accepted and  $H_{a1}$  is rejected.

The F significance test basically shows whether all the independent variables referred to in the model have a joint effect on the dependent variable. Based on table 4.13, it can be seen that the F-count has a value of 133.1651 which is greater than the F-table which is 3.04 and a significance value of 0.000 ( $p < 0.05$ ). Thus, it can be said that the management information system variable, knowledge management variable and organizational commitment variable simultaneously affect the MSME performance variable.

## Discussion

Based on the formulation of the problem and the development of the hypothesis in advance, the discussion in this study is divided into two, namely the discussion to test the variables directly and indirectly the independent variable on the dependent variable.

### 1) Direct Effect of Management Information System on Organizational Commitment

The results of hypothesis testing indicate that the management information system variable has a t-count value (10.1619) greater than the t-table (1.96), it can be said that the management information system has a significant effect on organizational commitment. This is because the management information system implemented by all MSMEs in Majalengka is classified as good, as can be seen from the overall ability of employees in MSME organizations to access, understand, use and study management information systems and utilize the information generated to help complete their work. A management information system will be said to be good if it is easily accessible so that the intensity of its use is high and will ultimately lead to user satisfaction with the management information system. With the availability of an adequate information management system that will lead to job satisfaction of employees in MSME organizations, employees in MSME organizations are still willing to work as well as possible to achieve goals and maintain MSMEs in accordance with organizational commitments, namely their availability to work harder to achieve their business goals and have a passion. bigger ones to keep working to improve and advance their business. The results of the study which show that there is a positive and significant influence of the Management Information System on Organizational Commitment means that the higher/positive the Management Information System is, the higher/positive the Organizational Commitment means, the more respondents feel that they can work well and need the support of the Management Information System in accordance with the need for strategic vision, competence and management processes as well as infrastructure applications; organizational commitment in carrying out tasks related to organizational commitment in making decisions, especially in determining risk taking, autonomy, competitive aggressiveness, innovation and being proactive; the more respondents feel in accordance with the functions and main tasks of each; responsible for carrying out the duties and functions carried out.

### 2) The Direct Effect of Knowledge Management on Organizational Commitment

The knowledge management variable has a t-count value (7.3608) which is greater than the t-table (1.96), it can be concluded that knowledge management has a significant effect on organizational commitment.



This is because every MSME organization requires superior capabilities in achieving a MSME organizational goal. The superiority of the MSME organization can be achieved if it is supported by the ability of good and knowledgeable human resources and is highly committed to the MSME organization, where the knowledge and commitment is something that is considered valuable by the MSME organization. To run a productive MSME organization, every MSME organization must be able to manage knowledgeable and committed employees. The results of the study which show that there is a positive and significant influence of Knowledge Management on Organizational Commitment means that the higher/positive Knowledge Management is, the higher/positive the Organizational Commitment means that the more respondents feel that they can work well, they need Knowledge Management support as needed in utilizing knowledge, share knowledge, apply knowledge; organizational commitment in carrying out tasks related to organizational commitment in making decisions, especially in risk taking, autonomy, competitive aggressiveness, innovation and proactiveness; the more respondents feel in accordance with the functions and main tasks of each; responsible for the implementation of the duties and functions it carries out.

### 3) Direct Effect of Management Information System on MSME performance

The analysis test results show that the management information system variable has a t-count value (35.046) greater than the t-table (1.96), so it can be said that the management information system has a significant effect on MSME performance. This is because the use of management information systems in MSME organizations is very important in supporting the day-to-day operations of MSME organizational management, which consists of information system resources to assist in tactical planning, formulation and decision making, to support planning and policies by the management level. In addition, employee training and development in MSME organizations is also very necessary, because it is expected to help improve the capabilities and skills of qualified employees who are able to excel and be flexible for an MSME organization in its future operations. In addition, the effectiveness and performance of an MSME organization is largely determined by the conditions and character of each individual involved in it. The mindset, behavior, and cooperation that occur in a team play an important role in shaping the character and performance. The results of the study which show that there is a positive and significant influence of the Management Information System on MSME Performance means that the higher/positive the Management Information System, the higher/positive the MSME Performance means, the more respondents feel that they can work well and need the support of the Management Information System in accordance with the need for strategic vision, competence and management processes as well as infrastructure applications; organizational performance in carrying out tasks related to organizational performance in making decisions, especially in determining financial performance and non-financial performance; the more respondents feel in accordance with their respective functions and duties; responsible for the implementation of the duties and functions it carries out

### 4) The Direct Effect of Knowledge Management on MSME performance

The results of the hypothesis test show that the knowledge management variable has a t-count value (25.980) greater than the t-table (1.96) so it can be said that knowledge management has a significant effect on MSME Performance, then  $H_0$  is rejected and  $H_a$  is accepted. This is because the leadership in MSME organizations can improve the performance of employees in their organizations by improving knowledge management to learn, create new knowledge, and apply the best knowledge. Leaders and employees in MSME organizations who wish to successfully participate in the rapidly growing global knowledge economy should consider developing their personal competence in management knowledge as an important life skill. MSME organizations in Majalengka show that after each individual employee has high knowledge management, they will perform better. An MSME organization in the current era of knowledge increasingly requires human resources who have knowledge management, skills and attitudes in order to create human resources who have high performance. The results of the study which show that there is a positive and significant influence of Knowledge Management on MSME Performance means

that the higher/positive Knowledge Management, the higher/positive MSME Performance means, the more respondents feel that they can work well and need Knowledge Management support as needed in utilizing knowledge, share knowledge, apply knowledge; the performance of MSMEs in carrying out related tasks in making decisions, especially in the application of financial performance and non-financial performance; the more respondents feel in accordance with the functions and main tasks of each; responsible for the implementation of the duties and functions it carries out in improving the performance of MSMEs.

5) Direct Effect of Organizational Commitment on MSME performance

The results of the hypothesis test show that the organizational commitment variable has a t-count value (0.732389) which is smaller than the t-table (1.96), it can be concluded that organizational commitment has no significant effect on MSME performance. This is because the leadership's commitment to the MSME organization has not been maximized in seeking a high level of effort for the benefit of the MSME organization due to the lack of access to capital, high credit interest, and difficulty in accessing marketing, this has hampered the performance of MSMEs. For this reason, the empowerment program through people's business credit (KUR) must be expanded and more evenly distributed in various regions as well as looser regulations. This should be a priority in the work program of the Indonesian government. The KUR program must be intensified to reach a wider range of MSMEs. In this case, it prepares small businesses to be able to manage credit well. Synergy with private banks which are increasingly interested in MSMEs must be carried out immediately. In addition, the government should be able to create policies that have a link between small and medium businesses and large businesses. For example, abroad and developed countries that involve micro and small businesses as suppliers to larger industries. Efforts to empower MSMEs through partnership strategies must be further enhanced. Moreover, it is hoped that the implementation of a targeted strategy will be able to empower micro and small businesses to become medium and large businesses. In fact, so far the MSMEs want a credit program that applies a low interest rate. This is because the high interest rates set by banks are one of the toughest barriers for MSMEs to access commercial credit. MSMEs are afraid to apply for credit to banks whose interest rates are still quite high. So there must be a way to solve it. The results of the study which show that there is no positive and significant influence of Organizational Commitment on MSME Performance means that the higher/positive Organizational Commitment does not affect MSME Performance, it means that respondents feel that good performance does not require Organizational Commitment support, this is because MSMEs feel that organizational commitment is not so important for the performance of MSMEs in carrying out related tasks in making decisions, especially in the application of financial performance and non-financial performance.

6) Indirect influence of Management Information System on MSME Performance mediated by Organizational Commitment

From the results of statistical analysis, it can be seen that Organizational Commitment does not play an important role, meaning that it is better directly between the Management Information System on MSME Performance than through Organizational Commitment because it is known that 0.681 is greater than 0.006 (0.723 x 0.009). The results of the study which show that there is an indirect effect of Management Information System on Organizational Performance show that the results are smaller than the direct effect, thus Organizational Commitment is less effective in improving MSME Performance. This positive and significant influence implies that the higher/positive the Management Information System is, the less positive the positive influence on MSME Performance means, meaning that the more respondents feel that being able to work well requires Management Information System support according to the needs of strategic vision, competence and management processes and applications. infrastructure; organizational performance in carrying out tasks related to organizational performance in making decisions, especially in determining financial performance and non-financial performance; the more respondents feel in

accordance with their respective functions and duties; responsible for the implementation of the duties and functions it carries out

7) The indirect effect of Knowledge Management on MSME Performance mediated by Organizational Commitment

From the results of statistical analysis, it can be seen that Organizational Commitment does not play an important role, meaning that it is better directly between Knowledge Management and MSME Performance than through Organizational Commitment because it is known that 0.439 is greater than 0.0043 ( $0.480 \times 0.009$ ). The results of the study indicate that the indirect effect of Knowledge Management on MSME Performance mediated by Organizational Commitment does not play an important role. The positive and significant influence of Knowledge Management on MSME Performance directly is greater than the indirect effect, meaning that the higher/positive Direct Knowledge Management is, the higher/positive MSME Performance means, the more respondents feel that they can work well and need Knowledge Management support as needed. In utilizing knowledge, sharing knowledge, applying knowledge; the performance of MSMEs in carrying out related tasks in making decisions, especially in the application of financial performance and non-financial performance; the more respondents feel in accordance with the functions and main tasks of each; responsible for the implementation of the duties and functions it carries out in improving the performance of MSMEs and all of these have a greater direct influence than indirectly.

## 5. CONCLUSION AND SUGGESTION

### Conclusion

The conclusion of this research in general is that there is a direct influence of Management Information System and Knowledge Management on Organizational Commitment and UMKM Performance in Majalengka SMEs and from the seven hypotheses proposed, six hypotheses are proven to be accepted and one hypothesis is not accepted. Organizational Commitment does not act as a mediation in increasing the influence of Management Information System and Knowledge Management on MSME Performance. Based on the results of hypothesis testing and the discussion in the previous chapter, it can be concluded several research results as follows:

- 1) There is a Management Information System for Organizational Commitment, meaning that improving the Management Information System will significantly increase Organizational Commitment.
- 2) There is an effect of Knowledge Management on Organizational Commitment, meaning that improving Knowledge Management will significantly increase Organizational Commitment.
- 3) There is an influence of the Management Information System on MSME Performance, which means that improving the Management Information System will significantly increase MSME Performance.
- 4) There is an effect of Knowledge Management on MSME Performance, meaning that improving Knowledge Management will significantly increase MSME Performance.
- 5) There is no effect of Organizational Commitment on MSME Performance, meaning that a significant increase in the Knowledge Management variable does not significantly increase MSME Performance.
- 6) There is an indirect effect of Management Information System on MSME Performance mediated by Organizational Commitment where from the results of statistical analysis it can be seen that Organizational Commitment does not play an important role, meaning that it is better directly between the Management Information System on MSME Performance than through Organizational Commitment. because the indirect effect is smaller than the direct effect.
- 7) There is an indirect effect of Knowledge Management on MSME Performance mediated by Organizational Commitment where from the results of statistical analysis it can be seen that Organizational Commitment does not play an important role, meaning that it is better directly between Knowledge Management on

MSME Performance than through Organizational Commitment. the indirect effect is smaller than the direct effect.

### **Theoretical Implications**

The results of this study found that theoretically, the Management Information System affects MSME Performance positively and significantly, Knowledge Management affects MSME Performance positively and significantly, Organizational Commitment does not affect MSME Performance positively and significantly, Management Information System affects Organizational Commitment positively and significantly. The mediating effect of Organizational Commitment between Management Information System and UMKM Performance is low although it is still positive and significant. The mediating effect of Organizational Commitment between Knowledge Management and UMKM Performance is low although it is still positive and significant.

### **Managerial Implications**

The managerial implications that researchers can provide related to this research are as follows:

- 1) The Management Information System implemented by all MSMEs in Majalengka is quite good, as can be seen from the ability of its employees to access, understand, use and study management information systems and take advantage of the information generated in assisting the completion of their work. However, there are a small number of employees in MSME organizations in the Majalengka area who state that the management information system in their organization is not good, because there is still confusing information that requires coordination with the leaders/superiors in the MSME organization.
- 2) Leaders/supervisors in MSME organizations in Majalengka more often hold education and training for their employees so that they can use the management information system optimally, so that errors in completing work can be minimized.
- 3) Knowledge management on MSMEs in Majalengka as a whole is good. However, in the process of identifying problems, a small number of MSMEs in Majalengka still find it difficult. Therefore, the leaders/superiors in MSME organizations in Majalengka need to provide effective training programs in order to be able to overcome the knowledge gap felt by a small number of employees.
- 4) For the Government of Indonesia, the empowerment program through people's business credit (KUR) should be expanded and more evenly distributed in various regions as well as looser regulations.
- 5) The Government of Indonesia can create policies that have a link between small and medium enterprises and large businesses because efforts to empower MSMEs through partnership strategies must be further enhanced, moreover it is hoped that the implementation of targeted strategies will be able to empower MSMEs to become successful and large businesses.

### **Research Limitations**

Although researchers have tried to design and develop research in such a way, there are still limitations in this study that still need to be revised for further research, including:

- 1) This study is limited to management information system variables, knowledge management as an independent variable, and organizational commitment as an intervening variable that mediates the relationship between management information system and knowledge management with MSME performance. There are other possible variables that can affect MSME performance.
- 2) The questionnaires distributed were limited to SMEs in Majalengka.
- 3) In this research is correlation, there is no standard way to determine the cause of changes in the dependent variable. Respondents may not realize that their company supports knowledge management and management information system practices and respond by responding that their company does not support knowledge management and management information system practices, thus giving inaccurate results.
- 4) This study examines the perspective of the Indonesian MSME community and therefore, is not generalized outside the territory of Indonesia.

### **Suggestions For Further Research**

Suggestions that researchers can give related to this research are as follows:

- 1) Collecting data for this research variable using a questionnaire has not fully described the actual conditions, because subjectivity in answering questions on the questionnaire cannot be avoided, so that some respondents' answers may be biased.
- 2) For further researchers who are interested in conducting similar research, they should consider other factors other than system information management and knowledge management, which may affect organizational commitment and MSME performance, including marketing, technology, capital, access to information, social networks, legality, business plans, entrepreneurship readiness, government support, and others.
- 3) Further research should expand the research sample, so that the research results can be generalized to a more general context in MSME sector institutions.

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