



Change Management and Organizational Effectiveness of Culinary SMEs in Greater Bandung: Mediating Role of Value Creation

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Abstract: This paper examines the effect of change management on value creation and organizational effectiveness of Culinary SMEs in Greater Bandung moderated by firm age. We utilized a quantitative approach and a descriptive survey method by questionnaire to get the data from the café owners as respondents. The population (and also the sample) was 98 café owners of the SMEs in culinary sector. Data were collected through questionnaire and analyzed using Partial Least Square (PLS) and regression analysis with PROCESS Procedure to measure mediation and moderation effects. The findings of this research are that value creation and organizational effectiveness are strongly influenced by change management. Value creation can function as mediating variable for the relationship between change management and organizational effectiveness. The variable of firm age has a moderation effect on the influence of change management on organizational effectiveness, but do not have moderation effect on the influence of value creation on organizational effectiveness.

Keywords: Change Management, Culinary SMEs, Organizational Effectiveness, Value Creation

Abstrak: Penelitian ini bertujuan untuk menguji pengaruh manajemen perubahan pada penciptaan nilai dan efektivitas organisasi UKM Kuliner di Bandung Raya yang dimoderasi oleh usia perusahaan. Kami menggunakan pendekatan kuantitatif dan metode survei deskriptif dengan kuesioner untuk mendapatkan data dari pemilik kafe sebagai responden. Populasi (dan juga sampel) adalah 98 pemilik kafe UKM di bidang kuliner. Data dikumpulkan melalui kuesioner dan dianalisis menggunakan Partial Least Square (PLS) dan analisis regresi dengan PROCESS Procedure untuk mengukur efek mediasi dan moderasi. Temuan penelitian ini adalah bahwa penciptaan nilai dan efektivitas organisasi sangat dipengaruhi oleh manajemen perubahan. Penciptaan nilai dapat berfungsi sebagai variabel mediasi untuk hubungan antara manajemen perubahan dan efektivitas organisasi. Variabel umur perusahaan memiliki pengaruh moderasi terhadap pengaruh manajemen perubahan terhadap efektivitas organisasi, tetapi tidak memiliki pengaruh moderasi terhadap pengaruh penciptaan nilai terhadap efektivitas organisasi.

Kata Kunci: Perubahan Manajemen, Kuliner UKM, Efektivitas Organisasi, Nilai Inovatif

INTRODUCTION

Indonesia's creative economy sector is one of the backbones of the national economy, as evidenced by its growing GDP contribution over the past decade, despite being disrupted by the Covid-19 pandemic in early 2020. This sector also absorbs a large number of workers up to 12 percent of the total productive workforce, especially young people (between 20-30 years). This sector can survive the financial crisis¹. The main contributors to the creative economy are culinary, craft, and fashion.² The main problem faced by the creative economy industry in Indonesia is the lack of funding, namely 92.4% of SMEs rely on their capital, 2.4% get loans from banks, 0.7% are financed by ventures, and 96, 6% are not incorporated.³

The phenomenon of problems related to the profile of the creative economy shows that the culinary industry is the sub-sector of the creative economy that contributes the most to the national GDP. This contribution, nevertheless, tends to decline to date. Likewise, the culinary industry export value is still low compared to the fashion sub-sector. Employment and funding are also classic problems for this creative culinary industry sector. In addition, the intention and interest of the younger generation to do entrepreneurship tends to be low because they are still job-seekers, not yet job-creators⁴. All these problems lead to less than optimal performance and organizational effectiveness of SMEs in the culinary industry. The success of SMEs in Indonesia can be seen from the organizational effectiveness in achieving its goals⁵. These phenomena lead to the critical role of effective SMEs in nation-building.

The effectiveness of the culinary industry in West Java from 2015 until now has been declared to have experienced very dynamic development⁶. However, the development of the performance of the culinary sub-sector experienced a sharp decline

¹ Pratt, A. C., & Hutton, T. A. (2013). Reconceptualising the relationship between the creative economy and the city: Learning from the financial crisis. *Cities*, 33, 86–95.

² Hidayat, A. R., & Asmara, A. Y. (2017). Creative industry in supporting economy growth in Indonesia: Perspective of regional innovation system. *IOP Conference Series: Earth and Environmental Science*, 70(1), 012031.

³ Darmo, I. S., Parmenas, N. H., & Iskandar, D. A. (2021). Legalitas UMKM: Kunci Sukses Pengembangan dan Sinergi Pemasaran UMKM. *BERDAYA: Jurnal Pendidikan Dan Pengabdian Kepada Masyarakat*, 3(2), 85–94.

⁴ Mulyadi, H., Ramdhany, M. A., & Hurriyati, R. (2018). Apprenticeship Model in Entrepreneurship Learning at University. *Pertanika Journal of Social Sciences & Humanities*.

⁵ Machmud, A., & Hidayat, Y. M. (2020). Characteristics of Islamic entrepreneurship and the business success of SMEs in Indonesia. *Journal of Entrepreneurship Education*, 23(2), 1–16.

⁶ BPS. (2022). *Banyaknya Usaha Mikro dan Kecil menurut Kabupaten/Kota*. Badan Pusat Statistik Provinsi Jawa Barat. <https://jabar.bps.go.id/subject/9/industri.html#subjekViewTab3>

at the end of 2018 and 2019 and has gotten worse since the pandemic. This is due to many factors; among others, the level of competition in business marketing strategies that subvert many culinary business players who are unable to compete, rising prices for culinary product raw materials, and the inability of culinary businesses to manage and develop their business innovations, changes in culinary trends favored by consumers, pandemics, and many other factors.

Methods for measuring organizational effectiveness vary widely. Organizational effectiveness is a latent construct because it cannot be measured directly. The suitability of understanding the effectiveness or measurement used to operationalize the construct of organizational effectiveness will greatly depend on the characteristics of the organization and the length of time the organization has been in existence.⁷ There are four main components of organizational effectiveness: (1) quality of human resources, (2) technical and economic efficiency, (3) support of external groups, and (4) stability and growth of organization⁸. This means that the organization must (1) be effective in achieving its goals, (2) be efficient in obtaining and using scarce resources, (3) be a source of satisfaction for internal and external stakeholders, (4) be adaptive in facing opportunities and challenges, (5) develop the ability of members and the organization itself, and (6) able to survive in uncertainty.⁹

Several factors affect the organizational effectiveness of SMEs as antecedent variables. One of the factors that influence organizational effectiveness is change management, which is a process and competence to update the direction, structure, and capabilities of the organization on an ongoing basis from current conditions to future conditions to meet the needs of internal and external stakeholders in achieving desired goals at the individual, group, and organizational levels¹⁰.

The implementation of change management is vital for every organization to survive and succeed in achieving its goals, namely organizational effectiveness in today's

⁷ Cameron, K. S., & Whetten, D. A. (2013). *Organizational effectiveness: A comparison of multiple models*. Academic Press.abst

⁸ Abston, K. A., & Stout, V. J. (2006). Organizational Effectiveness: Exploring What It Means in Human Resource Development. *Online Submission*.Min

⁹ Mintzberg, H., Ahlstrand, B., & Lampel, J. B. (2013). *Management? It's not what you think!* Pearson UK.

¹⁰ Creasey, T. (2014). *An Introduction to Change Management*. Fort Collins, Colorado: Prosci Inc.

highly competitive and growing business environment¹¹. There are various theories on change and change management, as well as attempts to identify and compare the different types of change in organizations that need to be managed, including strategies for achieving them. There is also a framework for change management in the organizational environment to achieve organizational goals effectively.

Measurement of change management starts from the level of individuals, groups, and organizations. Creasey (2014)¹² proposes a model called the ADKAR Model, which is an acronym for awareness, desire, knowledge, ability, and reinforcement. In this case, awareness indicates an awareness of the need to change; desire is the appeal to participate in and support change; knowledge is the understanding about how to change; ability refers to the competency to demonstrate new skills and expected behaviors, and reinforcement is an effort to continue and sustain the change.

Another factor that affects the organizational effectiveness of SMEs is value creation, which is related to the process of innovative activities to increase benefits for all parties involved in the organization, to increasing certain values so that the organization gets added value¹³. The establishment of an organization begins with value creation, which aims to create and deliver value efficiently that can generate profits that exceed costs. This value creation needs to pay attention to various aspects that need to be improved related to standards, performance and efficiency, quality of human resources, processes, long-term strategies, and improving the image and reputation of the organization. Value creation includes two important aspects: first, value creation is continuous innovation and needs to focus on, and second, companies need to develop processes related to corporate and social values.

Value creation for companies includes the following activities: (1) Reduce risk and increase organizational business opportunities, (2) Obtain and retain eligibility to run the organization, (3) Improve organizational performance and efficiency, (4) Increase HR

¹¹ By, R. T. (2005). Organisational change management: A critical review. *Journal of Change Management*, 5(4), 369–380.

¹² Ibid

¹³ Berghman, L., Matthyssens, P., & Vandenbempt, K. (2006). Building competences for new customer value creation: An exploratory study. *Industrial Marketing Management*, 35(8), 961–973.

interest and retention, (5) Maintaining security in running the organization, (6) Improve strategic capability in long-term planning, and (7) Improve image and reputation¹⁴.

This paper aims to analyze the effect of change management on organizational effectiveness of Small-Medium Enterprises (SMEs) in Greater Bandung, mediated by value creation, and moderated by firm age (SMEs age). First, we estimated the effect of change management on value creation. Second, we calculated the effect of change management on organizational effectiveness mediated by value creation. At last, we measured the role of the firm age as moderation effect on the influence of the change management on value creation and organizational effectiveness.

METHOD

This is a quantitative approach and a descriptive survey method. The population (and also the sample) was 98 café owners of the SMEs in culinary sector in Greater Bandung (Bandung City, Bandung Regency, West Bandung Regency, and Cimahi City). Data were collected through questionnaire and analyzed using Partial Least Square (PLS) and regression analysis with PROCESS Procedure to measure mediation and moderation effect.

Change Management (X) is an exogenous variable that consist of five indicators: awareness, desire, knowledge, ability, and reinforcement. Value Creation (M) functions as mediating variable as well as endogenous variable for change management. This construct has seven indicators: reduce risk and increase organizational business opportunities, obtain and retain eligibility to run the organization, improve organizational performance and efficiency, increase HR interest and retention, maintain security in running the organization, improve strategic capability in long-term planning, and improve image and reputation of the SMEs. Organizational Effectiveness is the endogenous variable that consist of six indicators: be effective in achieving its goals, be efficient in obtaining and using scarce resources, be a source of satisfaction for internal and external stakeholders, be adaptive in facing opportunities and challenges, develop the ability of members and the organization itself, and able to survive in uncertainty.

14 Wood, K. (2006). BHP Billiton Sustainability Summary Report 2006. United States Securities and Exchange Commission.

RESULTS AND DISCUSSION

The Effect of Organizational Learning on Business Performance

As described earlier, organizational learning is the acquisition of knowledge and the implementation of the learning process in the organization and applied to the organization. In organizational learning there are supporting components such as experimentation, managerial commitment, openness, system perspective, as well as knowledge transfer and integration.

Organizational learning affects business performance. The higher the organizational learning in a particular business, the better the performance in that business. In organizational learning, individuals in the business will continue to improve their abilities by continuing to learn and share knowledge with each other regarding information and better production processes so as to improve business performance. The research found that experiments, openness of perspective systems and managerial commitment, as well as knowledge transfer and integration have a significant relationship to organizational learning. Managerial commitment is a managerial activity starting from planning, administration, implementation, and effective reporting. So, if there is a higher level of management commitment, the higher the success of the business. In this case business performance is considered to be a good thing to reduce unemployment. Then the better the company's perspective system will improve business performance. Openness is availability of important business information. While a business is a type of activity where each stage in the series is really well presented in order to find answers to problems in a business. The higher the level of experimentation and openness, the better the business performance will be. The purpose of knowledge transfer and integration is to utilize employees so that they are willing to work hard and participate actively in supporting the achievement of business goals. Then the high level of integration and transfer of knowledge will improve the performance of the business.

The development of SMEs must be accompanied by the development of human resources in various aspects. Improving the quality of human resources is very much needed, especially in the field of human resource competencies such as knowledge (knowledge), skills (skills) and abilities (ability) and attitude (attitude) in entrepreneurship. Human resource development must be carried out not only for SMEs

as business owners, but also for their workers. The entrepreneurial spirit and increased productivity supported by technology development are important in the focus on strengthening human resources.

High quality resources will affect production so as to support the progress of the company. If the quality of human resources in SMEs is low, it will be difficult to access the market widely, such as difficulty keeping up with technological developments, cooperating with business partners or entering modern markets and increasing global competitiveness. Rapid changes in technology should be addressed by SMEs with ways to find alternatives to maintain competitive advantage by implementing new growth processes and methods. Technology has an important role in improving the production process. However, if this technological growth is not followed by changes in the quality of existing human resources, it will hamper the performance of SMEs.

Performance is the willingness of a person or group of people to carry out an activity and perfect it according to their responsibilities with the expected results. Thus, performance is basically determined by three things, namely ability, desire and environment. Therefore, in order to have a good performance, a person must have a high desire to do and know his work. Without knowing the factors that influence it, good performance will not be achieved. Information literacy is believed to be able to improve the performance of SMEs, which makes business easier because it reaches a wider range of customers in the world. Through the use of information technology, SME entrepreneurs can run their businesses more efficiently and don't need a lot of assets like old businesses. The principle of the development of the information society is towards the application of knowledge in technology. Human resources in the information society can be seen from the level of awareness, understanding, and utilization of information and communication technology called information literacy.

The development of information and communication technology is the main determinant of the emergence of the concept of the information society. The concept of an information society is characterized by the increasing public need for information. Information has become a major need, in addition to basic human needs in everyday life. In the information society, many conveniences are obtained from the use of information technology in all aspects of life, both socio-cultural, educational, and economic. The

essence of the use of information technology in the information society is that information technology becomes a tool to communicate and obtain new information through new communication channels.

The Effect of Entrepreneurship Orientation on Business Performance

In beating competitors, business actors are expected to have a strong entrepreneurial orientation such as being innovative, becoming market leaders more proactively and taking risks. External entrepreneurial orientation of business actors can be identified through behavior when they are able to take advantage of opportunities while internal entrepreneurial orientation is more about assessing pre-operational needs, so that it can solve problems that will occur or are currently happening. Company orientation has a positive impact on business performance, because entrepreneurial orientation drives business performance so that the greater the level of entrepreneurial orientation, the greater the business performance.

The existence of the cultural influence of a dominant organization has a strong influence on its members, therefore culture has a crucial role in achieving the company's goals because the culture that grows takes root as a direction in behaving and making good decisions for the organization. Culture is a normative value that is used as a guide for members of an organization or company. Understanding of running a business based on culture will be in accordance with expectations, especially if members of the organization hold a good culture so that culture has a positive influence in carrying out business performance.

The government has made efforts to improve access and transfer of technology to develop innovative SME players, which include the use of information and communication technology (ICT) so that they are expected to be able to compete with foreign SMEs. Budi Moestopo, Assistant Deputy for Human Capital and SME Cooperatives at the Ministry of Cooperatives and SMEs, said the government has empowered entrepreneurs to renew their businesses using information technology and social media. In the National Seminar; Digital Marketing: Business Opportunities and Challenges in the Industrial Revolution Era 4.0 quoted on the IDN Financials.com page Budi said that they have trained entrepreneurs in technopreneur programs to bring entrepreneurs closer to digital or social media. In

addition, he also mentioned that the government has the intention to cut unemployment by creating new jobs.

Since 2012, the government has created entrepreneurial challenges that support new graduates to create new jobs in any field, such as trade, fashion crafts, etc. In addition to understanding information technology, of course, entrepreneurship has an important role in improving business performance. An entrepreneur is someone who has the courage to face risks, has creativity, is always innovating and has management skills that sense opportunities and pursue these opportunities so that they can change opportunities to be able to gain benefits both for themselves and for many people. An entrepreneur must be someone who is able to look ahead. Looking ahead, namely thinking with full calculation, looking for options from various alternative problems and solutions, to become an entrepreneur, one must have the character of trust (steadfastness), independence, optimism, need or thirst for achievement, profit-oriented or results, diligent and steadfast, determination, hard working, motivated, energetic, full of initiative, able to take risks, likes challenges, able to lead, can get along with others, respond to suggestions and criticisms, innovative (renewal), creative, flexible, many sources, versatile, foresight and perceptive. Therefore, it takes business actors who have an entrepreneurial spirit which is shown through their behavior in improving business performance to stay afloat in business competition.

Entrepreneurial behavior is an action that consists of activities to collect information, process it, identify opportunities, take risks, manage new companies and enter the market, seek financial support, technological expertise and other inputs. The development of entrepreneurial behavior will foster a positive attitude to entrepreneurship in the form of an attitude ability to control the situation and focus attention on the activities or results to be achieved. This is because business actors who behave entrepreneurially will be more active in taking advantage of opportunities, be innovative and dare to take risks. Entrepreneurial behavior is an entrepreneurial activity that looks at opportunities (opportunistic), considers the drive of values in the business environment (value-driven), is ready to accept risks and is creative.

The Effect of Alliance Strategy on Business Performance

The performance and creation of sustainable competitive advantage can be maximized by the Alliance strategy. Cooperation with goods providers / vendors is very important in determining business performance. To achieve good results through cooperation, the relationship between the two companies that are bound by a cooperation contract is very necessary. Honesty is an important factor in the supplier credit rating model. Not taking opportunities in a joint project and staying focused on each other's expertise is a form of quality cooperative relationship that can be built.

Organizational learning is an acquisition of knowledge and a learning process that is applied to the organization/company. Recent construction management studies have also shown that project development participants' ability to manage collaborative projects is driven by intentional learning and develops in response to dynamic market changes. For reasons of trust as well as honesty, the components that accompany changes in quality cooperation takes place. If the company trusts its partners and really relates to the partners, the company will be seen as an asset and a strategic tool that will increase the company's competitiveness. Confidence determines the success of a relationship and is also often placed as a priority.

Organizational learning is based on a moral or material basis, for example in some of the indications and factors that we have discussed, and therefore it is believed that the business success of a company between a company and its suppliers will increase as well because trust is indispensable before the exchange of information and networks between organizations.

Indicators to measure performance are new entrants, revenue growth, market share, profitability, overall performance, shareholder satisfaction.

Measure the performance of SMEs with reference to three aspects, namely profitability, productivity and market. The profitability aspect is seen from the point of achieving financial targets as planned by the company. Financial objectives are generally focused on the achievement of income, profit, cash flow, the level of capital used, the level of investment or economic value added. Productivity is based on the company's achievements in its business activities to meet customer wants and needs, as well as employee productivity. MSME performance is measured using three indicators. Their

overall business performance can be seen from: (1) Comparison with the last year; (2) Comparison of major competitors; (3) Comparison with other companies in similar industries. From this definition, it can be concluded that business performance is an achievement that has been achieved by the company by taking into account various influencing indicators, namely: (1) Increase in revenue, (2) Expansion of marketing area, and (3) Increase in sales volume.

The business environment is defined as the conditions that occur that can encourage or hinder growth and development in business activities, or can be said to be a factor that affects activities within the company. Environmental factors can be influenced by the company's internal and external companies. The company's internal factors in general can be controlled by the company's management, while the external factors basically cannot be controlled by the company's management. The quantity and quality of company resources can include human resources, financial resources, and company physical resources. Companies that have professional and skilled human resources will support the company's internal conditions. This can have a positive impact on the productivity, efficiency, and competitiveness of the company. Human resource management is important to improve company performance. Increasing competence in the company, especially human resources is the main element to achieve company success and the involvement of human resources in the development and implementation of business strategies will create organizational effectiveness in the industry. The success of an organization in achieving its goals depends on the human resources it has, because human resources will organize and manage other resources. So in this case, the organization must have competent human resources and have a high level of performance in carrying out their duties.

Management of financial resources, in this case ownership and good management of business capital, is a very important component for company finances. Efficient financial management will lead the company to react quickly in anticipating unwanted environmental changes. So that the company can achieve a better competitive advantage than competing companies. That way the company has a greater opportunity to grow so that it can show a positive performance. The technological environment is a comprehensive unit of knowledge about creating and improving the usability of goods

and or services needed by society. Technology is one of the factors that influence the success of new products, where by using sophisticated technology, companies can create better or more innovative products. The higher the technology used, the more innovative the products produced. This technology is related to the machines and equipment used by the company in the production process, as well as the methods or strategies that are carried out in the company's operational activities. The role of technology in increasing the productivity of SMEs is very large.

Results

The profile of the respondents in this study was obtained from 98 café owners of the SMEs in culinary sector in Greater Bandung (Bandung City, Bandung Regency, West Bandung Regency, and Cimahi City). This profile is seen from city/regency and SMEs age, as presented in Table 1.

Table 1. SMEs Profiles

| City/Regency | f | % |
|----------------------|----|-------|
| Bandung City | 38 | 38,8 |
| Bandung Regency | 22 | 22,4 |
| West Bandung Regency | 12 | 12,2 |
| Cimahi City | 26 | 26,5 |
| Total | 98 | 100,0 |

| SMEs age | f | % |
|---------------|----|-------|
| > 12 years | 9 | 9,2 |
| 10 - 12 years | 14 | 14,3 |
| 7 - 9 years | 30 | 30,6 |
| 4 - 6 years | 34 | 34,7 |
| < 4 years | 11 | 11,2 |
| Total | 98 | 100,0 |

Based on Table 1, most SMEs are located in Bandung City (38,8%), followed by Cimahi City (26,5%), Bandung Regency (22,4%), and West Bandung Regency (12,2%).

Most SMEs have been operating for 4 – 6 years (34,7%) and 7 – 9 years (30,6%), and the rest of them have been operating for 10 – 12 years (14,3%) and less than 4 years (11,2%), and there are 9,2% SMEs that have been operating more than 12 years. Figure 1 presents the results of the PLS calculation (path model) using SmartPLS.

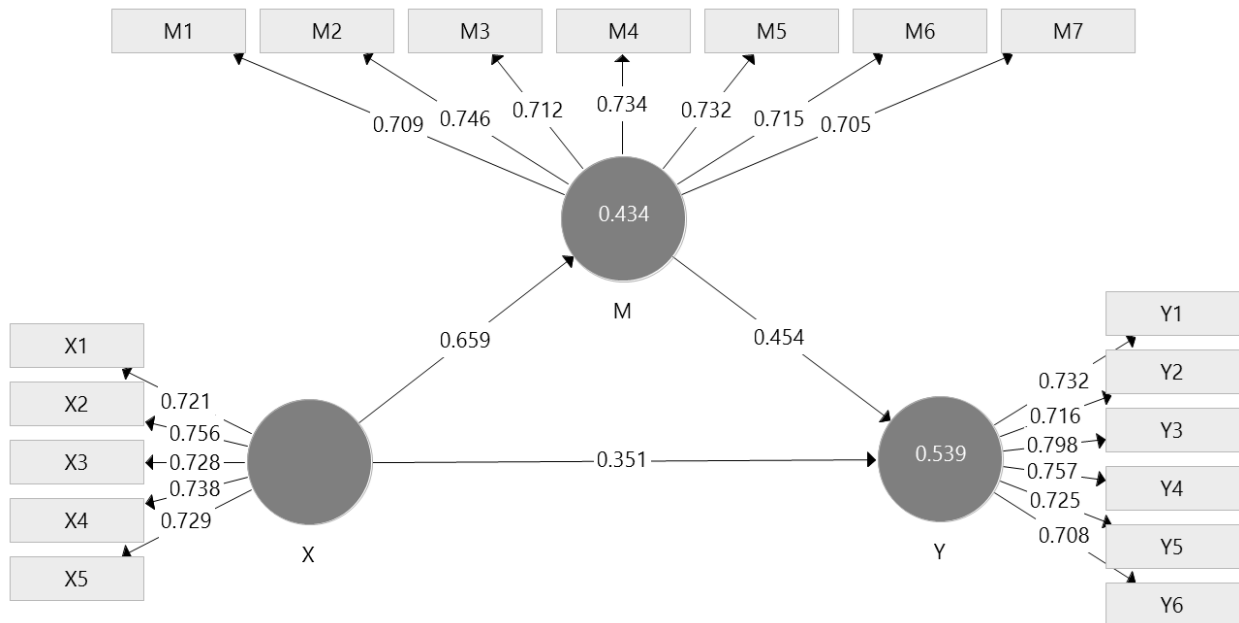


Figure 1 Path Model

Based on the results, the path coefficient of $X \rightarrow M$ is 0.659, $X \rightarrow Y$ is 0.351, and $M \rightarrow Y$ is 0.454. The indirect effect of $X \rightarrow Y$ via M is 0.299 (from $0.659 * 0.454$), so the total effect of $X \rightarrow Y$ is 0.650 (from $0.351 + 0.299$). Table 2 describes the outer loadings of each construct.

Table 2. Outer Loadings

| | X | M | Y |
|----|-------|-------|---|
| X1 | 0.721 | | |
| X2 | 0.756 | | |
| X3 | 0.728 | | |
| X4 | 0.738 | | |
| X5 | 0.729 | | |
| M1 | | 0.709 | |
| M2 | | 0.746 | |

| | X | M | Y |
|----|---|-------|-------|
| M3 | | 0.712 | |
| M4 | | 0.734 | |
| M5 | | 0.732 | |
| M6 | | 0.715 | |
| M7 | | 0.705 | |
| Y1 | | | 0.732 |
| Y2 | | | 0.716 |
| Y3 | | | 0.798 |
| Y4 | | | 0.757 |
| Y5 | | | 0.725 |
| Y6 | | | 0.708 |

Refer to the quality criteria of PLS, the values of Cronbach's Alpha (CA) of all indicators are more than 0.7 and the values of composite reliability (CR) are also more than 0.7. The values of Average Variance Extracted (AVE) of all constructs are more than 0.5 (see Table 3). These values indicate that all constructs are reliable and valid consistent with the construct reliability and validity.

Table 3. Construct Reliability and Validity

| | CA | CR | AVE |
|---|-------|-------|-------|
| X | 0.788 | 0.854 | 0.539 |
| M | 0.847 | 0.884 | 0.521 |
| Y | 0.835 | 0.879 | 0.548 |

The value of coefficient of determination (R-Square) of model M is 0,434 that means 43.4% of variance of Value Creation can be explained by Change Management. The value of R-Square of model Y is 0,539 that means 53.9% of SMEs organizational effectiveness can be explained by Change Management and Value Creation. To estimate of effect size, the value of f-square is used as the measure of practical significance in terms of the magnitude of the effect. The effect size of X → M is 0.767 (substantial), X → Y is 0.151 (moderate), and M → Y is 0.253 (moderate). These effect-size values indicate that

the local effect size of each construct within the context of a multivariate regression model is significant.

The moderating effect in this study examines the inclusion of moderator variables into the model, namely the SMEs age (W). An excerpt from Hayes PROCESS Procedure for the moderated-mediation conditional effects model (Model 15) can be presented in Figure 2. The Output of Moderated-Moderation Model is presented in Figure 3.

OUTCOME VARIABLE:
Y

Model Summary

| | R | R-sq | MSE | F | df1 | df2 |
|---|------|------|------|--------|-------|--------|
| p | .779 | .606 | .419 | 28.346 | 5.000 | 92.000 |
| | .000 | | | | | |

Model

| | coeff | se | t | p | LLCI | ULCI |
|----------|-------|------|--------|------|-------|-------|
| constant | -.325 | .178 | -1.822 | .072 | -.678 | .029 |
| x | .769 | .218 | 3.535 | .001 | .337 | 1.201 |
| m | .469 | .230 | 2.042 | .044 | .013 | .925 |
| w | .127 | .060 | 2.118 | .037 | .008 | .245 |
| Int_1 | -.195 | .088 | -2.215 | .029 | -.371 | -.020 |
| Int_2 | .020 | .081 | .247 | .806 | -.142 | .182 |

Figure 2 Conditional Effects Model

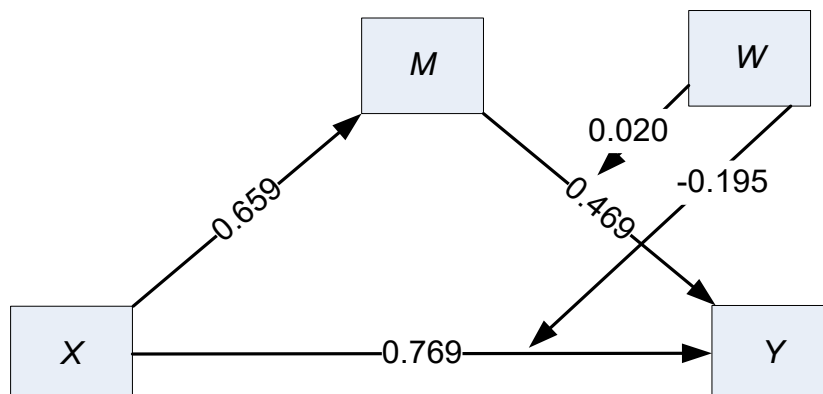


Figure 3 Output of Moderated-Moderation Model

Figure 2 and Figure 3 shows the interaction between X and W in the Y model is -0.195 with t-stat = -2.215 ($p < 0.5$) that means the moderation effect is significant, so it can be said that SMEs age (W) moderates the relationship between Change Management (X) and Organizational Effectiveness (Y) of SMEs. It entails that SMEs age can strengthen the effect of change management of organizational effectiveness. Finally, the interaction between M and W in the Y model is 0.020 with t-stat = 0.247 ($p > 0.5$) that means the effect is not significant, so it can be said that SMEs age (W) do not moderate the relationship between Value Creation (M) and Organizational Effectiveness (Y) of SMEs. It implies that SMEs age do not strengthen the effect of value creation on organizational effectiveness.

Discussion

The effect of change management on value creation is proven to be positive and significant based on hypothesis testing. This evidence confirms the importance of the change management role in various aspects towards increasing the value creation of SMEs. So, this condition has implications for the SMEs to pay more attention on several indicators of change management, especially after the pandemic. To adapt to the internal dan external changes, SMEs need to improve their awareness regarding the need to change and why they need to change.¹⁵ They also have to improve their awareness by strengthening the desire to participate in and support change¹⁶. The most important things to face the changes are by developing the knowledge to understand how to change and the ability to demonstrate new skills and expected behaviors¹⁷. Finally, the SMEs must reinforce their effort to continue and sustain the change needed¹⁸.

The effect of value creation is proven to be positive and significant that confirms the importance of value creation to increase the organizational effectiveness of SMEs. Implication of this finding is that the SMEs should maintain the effort to reduce risk and increase organizational business opportunities (Sadovska et al., 2020). The SMEs also have to obtain and retain eligibility to run the organization smoothly (Wasserman, 2017).

15 Hayes, J. (2022). *The theory and practice of change management*. Bloomsbury Publishing.

16 Hussain, S. T., Lei, S., Akram, T., Haider, M. J., Hussain, S. H., & Ali, M. (2018). Kurt Lewin's change model: A critical review of the role of leadership and employee involvement in organizational change. *Journal of Innovation & Knowledge*, 3(3), 123–127.gr

17 Cameron, E., & Green, M. (2019). *Making sense of change management: A complete guide to the models, tools and techniques of organizational change*. Kogan Page Publishers

18 Bouton, M. E. (2014). Why behavior change is difficult to sustain. *Preventive Medicine*, 68, 29–36.

Organizational performance and efficiency improvement are one of the most significant aspects of value creation of SMEs (Bae, 2012). The value creation has to focus on increasing human resources interest and retention by applying the suitable knowledge management (Iazzolino & Laise, 2016). Refer to the challenge of Industri 4.0, SMEs need to maintain security in running the organization (Kiel et al., 2020). To sustain the value creation, SMEs must improve strategic capability in long-term planning¹⁹. Improving SMEs image and reputation may sustain the value creation.²⁰

Organizational effectiveness of SMEs is significantly affected by change management and value creation. It implies that SMEs need to be more effective in achieving its goals as in the strategic planning using the suitable entrepreneurial strategies²¹. The SMEs must also be efficient in obtaining and using scarce resources that fit the industry²². To achieve the intended goals, SMEs must function as a source of satisfaction for internal and external stakeholders by applying the appropriate leadership practices²³. The most important aspect to improve the organizational effectiveness is the adaptability in facing opportunities and challenges using the proper innovation²⁴. The ability of members and the organization itself must be developed to gain the optimal results because it directly impacts on the overall performance. Finally, the determinant of organizational effectiveness is the ability to grow and survive in uncertainty²⁵, especially in the time crisis or pandemic.

In essence, change management will support the level of value creation which has an impact on the organizational effectiveness of SMEs. This emphasizes the importance of

19 Mortati, M., Villari, B., & Maffei, S. (2014). Design Capability for value creation. 9th DMI: Academic Design Management Conference, 2490–2512.

20 Zabkar, V., & Arslanagic-Kalajdzic, M. (2013). The impact of corporate reputation and information sharing on value creation for organizational customers. *South East European Journal of Economics and Business (Online)*, 8(2), 42.

21 Becherer, R. C., Helms, M. M., & McDonald, J. P. (2012). The effect of entrepreneurial marketing on outcome goals in SMEs. *New England Journal of Entrepreneurship*.

22 Vargo, J., & Seville, E. (2011). Crisis strategic planning for SMEs: Finding the silver lining. *International Journal of Production Research*, 49(18), 5619–5635.

23 Suriyankietkaew, S., & Avery, G. C. (2014). Leadership practices influencing stakeholder satisfaction in Thai SMEs. *Asia-Pacific Journal of Business Administration*.

24 Coghlan, C., Labrecque, J., Ma, Y., & Dube, L. (2020). A biological adaptability approach to innovation for small and medium enterprises (SMEs): Strategic insights from and for health-promoting agri-food innovation. *Sustainability*, 12(10), 4227.

25 Newman, A., & Sheikh, A. Z. (2014). Determinants of best HR practices in Chinese SMEs. *Journal of Small Business and Enterprise Development*.

change management on improving the value creation and organizational effectiveness. It entails that the SMEs that can manage the change adaptably and can improve the value creation may have the chance to gain the optimal organizational effectiveness.

The findings of this study also look at the mediating effect of value creation mediates the relationship between change management and organizational effectiveness of SMEs. The calculation results show that value creation can function as a mediator of change management and organizational effectiveness. This mediating effect of value creation has been confirmed by several previous studies²⁶. Meanwhile, the moderation effect of firm age shows that the influence of change management will be stronger on organizational effectiveness for the relatively new SMEs (less than seven years) than the established ones²⁷. On the other hand, the firm age do not moderate the relationship of value creation and organizational effectiveness since the new and established SMEs have the same results in this conditional effect.

CONCLUSION

The organizational effectiveness of SMEs is inseparable with the change management and value creation in this context. This condition shows the importance of change management and value creation on the organizational effectiveness. In this case, change management has an important role, directly and indirectly, to improve the organizational effectiveness of SMEs. Value creation has a positive effect on organizational effectiveness that indicates the importance of creating value to optimize the organizational effectiveness of SMEs. Value creation has a mediating effect on the relationship between change management and organizational effectiveness. This value creation strengthens the influence of change management on organizational effectiveness. The firm age moderates the effect of change management on organizational effectiveness, but do not moderate the effect of value creation on organizational effectiveness. To optimize the organizational effectiveness, SMEs need to pay attention to the change management and improve the value creation.

26 Aryanto, V. D. W., & Setiawan, M. B. (2018). Mediating effect of value creation in the relationship between relational capabilities on business performance. *Contaduría y Administración*, 63(1), 0–0.

27 Anderson, B. S., & Eshima, Y. (2013). The influence of firm age and intangible resources on the relationship between entrepreneurial orientation and firm growth among Japanese SMEs. *Journal of Business Venturing*, 28(3), 413–429.

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