



## IMPROVING COOPERATIVE'S BUSINESS PERFORMANCE WITH ENTREPRENEURIAL ORIENTATION AND ORGANIZATIONAL CULTURE THROUGH INNOVATION

Kadek Diah Desita Giri<sup>1</sup>, I Wayan Widnyana<sup>2</sup>, Anak Agung Putu Agung<sup>3</sup>

<sup>1,2,3</sup>Program Studi Magister Manajemen Universitas Mahasaraswasti Denpasar

Email : [desitagiri@gmail.com](mailto:desitagiri@gmail.com)

### ABSTRACT

*Cooperatives have the main goal of prospering its members which of course can be achieved by creating optimal business performance both in terms of financial and non-financial. This research was conducted with the aim of knowing the effect of entrepreneurial orientation and organizational culture on business performance directly and mediated by innovation. This research was conducted in Denpasar City with a population of 1,077 cooperative business units that are still active until 2020 and a sample of 292 cooperative heads. Data was collected by using interviews and questionnaires which were measured using a five-choice Likert Scale. Questionnaires were distributed using Google Forms and print outs. Data analysis was performed using Structural Equation Modeling-Partial Least Square (SEM PLS). The results of the analysis prove that entrepreneurial orientation has a positive and significant effect on business performance, organizational culture has a positive and significant effect on business performance, entrepreneurial orientation has a positive and significant effect on innovation, organizational culture has a positive and significant effect on innovation, and innovation has a positive and significant effect on business performance. The results of the mediation test prove that innovation mediates each of the effects of entrepreneurial orientation and organizational culture on business performance.*

**Keywords:** entrepreneurial orientation; organizational culture; innovation; business performance.

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## INTRODUCTION

Cooperatives are the pillars of the economy that have a vital role in moving the people's economy so that it is hoped that cooperatives will continue to exist in the midst of intense business competition, especially in the financial institution industry. As a non-bank financial institution, cooperatives also face stiff competition from other financial institutions, both bank and non-bank financial institutions. Business opportunities for cooperatives can be said to be very potential in Denpasar City where based on data from the Central Statistics Agency (BPS) until 2019 there were 947,100 people with per capita income reaching Rp. 21,443,353.00. Cooperatives in Denpasar City continued to experience positive growth throughout 2016 to 2020, where active cooperatives continued to grow and inactive cooperatives continued to decline.

The growth in the number of active cooperatives is unfortunately not followed by the growth in the number of cooperative members. The highest growth occurred in 2017 at 0.85 percent, while the lowest occurred in 2019 at 0.11 percent. Even though there is growth, it can be said that growth tends to slow down where from 2017 to 2019 it can be seen that the percentage of growth continues to decline. The year 2020 showed the opposite, where there was a decrease in the number of cooperative members by -58.63 percent. This data proves that cooperatives in Denpasar City have lost more than half of their members compared to 2019 and may indicate a problem with the cooperative's business performance, because with the decrease in the number of members, the cooperative's income will also decrease.

The goal of every company is to improve business performance so that business performance and its improvement are seen as the core of any profit-oriented activity (Tseng & Lee, 2014). Business performance, one of which is directly influenced by the existence of an entrepreneurial orientation or EO (Mantok et al., 2019). Research conducted by Prima Lita et al., (2020) on SMEs supporting tourism in Indonesia and Ali et al., (2020) on SMEs in Saudi Arabia proves that EO has a positive and significant effect on business performance. Other empirical evidence which states that EO has a positive and significant effect on business performance is also evidenced in various sectors such as pharmaceuticals (Masa'deh et al., 2018), cross-sector manufacturing (Mahrous & Genedy, 2019), public sector (Al-Dhaafri & Alosani, 2020), and Manufacturing SMEs (Kocak et al., 2017). Different research results are shown by Kantur (2016), Shah & Ahmad (2019), and Rezaei & Ortt (2018) which prove that EO has a positive and insignificant effect on business performance.

Improving business performance is not enough just to rely on EO, but also needs to pay attention to the culture of the organization or company (Gorondutse & Hilman, 2016). Organizational culture refers to the development of employee behavior towards a better direction based on one common asset owned by the organization, namely practices, values, and assumptions (Brenyah & Darko, 2017). Organizational culture is proven to be able to improve business performance in various business sectors such as the banking sector (Aboramadan et al., 2020). Other empirical evidence which also proves that organizational culture has a positive and significant effect on business performance is also evident in various sectors such as national and multinational companies (Bhuiyan et al., 2020), tourism supporting SMEs (Lita et al., 2020), and health businesses (García-

Fernández et al., 2018). Different results are shown by Seidu et al., (2022) which proves that organizational culture has an insignificant positive effect on business performance in the hotel sector and Zhao et al., (2018) on publicly listed companies in China.

By using the resource-based-view/RBV approach, EO can be said to be an intangible resource that plays a role in improving company performance (Al-Dhaafri and Alosani, 2020), while organizational culture represents RBV in terms of uniqueness and is difficult to imitate because organizational culture distinguishes an organization. company with other companies (Wang, 2019). By referring to the dynamic capability view/DCV, it can be argued that innovation is one of the company's dynamic capabilities by adopting new ideas to deal with changes in the business environment (Turulja & Bajgoric, 2019). When EO is synergized with organizational culture, it will lead the company to create innovation and develop business activities so that it will improve business performance and company growth (Mantok et al., 2019). The purpose of this study was to determine the effect of EO and organizational culture on business performance directly and mediated by innovation.

## **LITERATURE REVIEW**

### ***Entrepreneurial Orientation***

EO is a procedure, practice, and decision-making activity of a company that is used to improve products and services in response to customer needs that will lead the company to improve performance (Masa'deh et al., 2018). The term EO refers to a set of dimensions, comprising the processes, decision-making practices, and activities culminating in the creation or reinvention of a business venture, including propensity to act independently, propensity to innovate and take risks, propensity for competitive aggression in relation to competitors and pro-activity in relation to new opportunities (Santos et al., 2018). EO is a three-dimensional construct developed by Miller in 1983 (Cowden et al., 2016) namely innovativeness which refers to the company's ability to create new products, services, or processes; proactiveness which refers to the company's desire to be one step ahead of competitors, and risk taking which refers to the company's ability to make decisions under pressure of uncertainty.

### **Organizational culture**

Organizational culture is generally defined as a collection of behaviors, attitudes, values, assumptions, and beliefs of organizational members (Gorondutse and Hilman, 2018). Values and assumptions explain why an organization does what it focuses on and focuses on the main goals set (Schneider et al., 2017). Organizational culture is described as the sum of patterns of shared beliefs, rituals, stories, and sentiments that can be accepted collectively by organizational members (Kwarteng & Aveh, 2018). Organizational culture is an invaluable resource for problem solving, competitive advantage, superior performance, implementation of new business strategies, and the realization of organizational goals (Gorondutse & Hilman, 2016) which consists of four dimensions, namely clan, adhocracy, hierarchy, and market (Al Dari et al., 2021).

Clan is an inward-oriented organizational culture that refers to employee engagement and open and friendly communication that begins with trust and commitment by the organization (Reino et al., 2020). Adhocracy culture emphasizes visionary and

innovative leadership, risk taking and innovation, facing challenges, and flexibility to make changes (Al Dari et al., 2021). Market culture is characterized by stability and external focus driven by achievement and coordination that is task-oriented, has clear goals, and a decision-making process (Tran, 2021). Hierarchy culture is described as an internal focus and stability and is closely related to stability in the operations of an organization, and has clear policies and regulations that enable a corporation to exist (Tran, 2020).

### **Innovation**

Innovation refers to the tendency and acceptance of companies to adopt ideas that deviate from the usual course of business implying a willingness to let go of old habits and try untested ideas (Tsai & Yang, 2014). Innovation generally refers to a new product, service, process, or technology that requires acceptance and is finally adopted and implemented (Aboramadan et al., 2019). Innovation consists of two main categories, namely product innovation and process innovation (Turulja and Bajgoric, 2018). Product innovation is carried out with the aim of providing enhanced benefits for the benefit of customers by improving the functional benefits of a product or service (Zaefarian et al., 2017) and process innovation is the implementation of production or delivery methods, including new or significantly improved techniques, software and/or equipment (Kafetzopoulos et al., 2020).

### **Business Performance**

Business performance is the ability of the measurement object to achieve organizational results by comparing it to the set goals and is the final measure of organizational results that are influenced by various market contingencies and organizational conditions (Kavetzopoulos et al., 2020). Prakash et al., (2017) define business performance as a goal based on financial and non-financial aspects under the influence of fuzzy and uncertain external environmental conditions involving internal and external perspectives to empower diverse resources by opening up the flow of information. Company performance can be measured in financial and non-financial units (Anning-Dorson, 2018).

### **Hypothesis Development**

From the RBV perspective, competitive advantage is achieved by companies with unique resources and EO represents a strategic resource for the company because it "reflects the company's philosophy of how to do business through a set of deep-rooted values and beliefs that guide the company's efforts to achieve performance excellence. Research conducted by Lita et al., (2020), Ali et al., (2020), Masa'deh et al., (2018), Mahrous et al., (2019), Al Dhaafri et al., (2016; 2019) , and Kocak et al., (2017) prove that an increase in EO will result in a significant increase in business performance. Based on this description, the following hypothesis is proposed:

H<sub>1</sub>: EO has a positive and significant effect on business performance

Organizational culture is related to business performance through its impact on the coordination of efforts by each member of the organization (Hartnell et al., 2019). An increase in organizational culture will result in a significant increase in business performance which has been empirically proven in research conducted by Wang (2019),

Aboramadan et al., (2019), Uz Kurt et al., (2013), Bhuiyan et al., (2020). ), Pinho et al., (2014), Lita et al., (2020), and Garcia-Fernandez et al., (2018). Based on this description, the following hypothesis is proposed:

H<sub>2</sub> : Organizational culture has a positive and significant effect on business performance

EO is a process and practice that directs organizations to innovate (Ferreira et al., 2020) because EO is associated with managerial practices, methods and decision-making styles regarding market offerings and taking risks to produce new products, services and even markets (Seo, 2020). The role of innovation in improving business performance significantly has been proven in previous research conducted by Lita et al., (2020), Yu et al., (2016), Barzola Iza & Dentoni (2020), and Kocak et al., (2017) . Based on this description, the following hypothesis is proposed:

H<sub>3</sub>: EO has a positive and significant effect on innovation

The essence of organizational culture is to stimulate creativity and innovative behavior among employees which is very helpful in creating creative ideas and considering innovation as a core value of the company (Shahzad et al., 2017). Organizational culture has been shown to significantly improve business performance as reported in studies by Wang et al., (2019), Shahzad et al., (2017), Aboramadan et al., (2019), Uz Kurt et al., (2013) , and Lita et al., (2020). Based on the theoretical and empirical studies, the following hypotheses are proposed:

H<sub>4</sub>: Organizational culture has a positive and significant effect on innovation

Companies that are able to innovate will have more ability to deliver new products and services, improve processes more quickly to meet market needs and take advantage of opportunities than companies that are not innovative so that innovation allows an increase in company performance (Aboramadan et al., 2019). The positive role of innovation in improving business performance has been empirically proven in research conducted by Wang et al., (2019), Aboramadan et al., (2019), Uz Kurt et al., (2013), Lita et al., Kwarteng and Aveh (2018), Kocak et al., 2017), and. The proposed hypothesis is as follows:

H<sub>5</sub>: Innovation has a positive and significant effect on business performance.

EO is measured as procedural behavior that operates at the company level and when EO is able to manage innovation, the company will have better performance than companies that are not innovative (Lita et al., 2020). Research by Lita et al., (2020) and Kocak et al., (2017) proves that innovation mediates the effect of EO on business performance. Based on this description, the following hypothesis is proposed:

H<sub>6</sub>: Innovation mediates the effect of EO on business performance

Organizational culture can affect a company's ability to innovate which will ultimately improve company performance (Uz Kurt et al., 2013). Organizational culture triggers innovation and improves business performance (Wang, 2019). Research conducted by Uz Kurt et al., (2013), Wang, (2019), and Aboramadan et al., (2019) proves that business performance increases significantly when organizational culture increases innovation. Based on this description, the following hypothesis is proposed:

H<sub>7</sub>: Innovation mediates the influence of organizational culture on business performance.

The conceptual framework of this study was developed to describe the relationship between variables, both the relationship between the independent variable and the dependent variable, the independent variable and the mediating variable, and the mediating variable and the dependent variable. The development of the conceptual

framework model of this research is based on the theoretical study of the relationship between variables as well as the empirical studies that have been carried out previously in the introduction and hypothesis sections. The conceptual framework of this research can be seen in Figure 1.

## RESEARCH METHOD

The approach used in this study is the positivism paradigm to find a causal relationship between research variables. This type of research is associative quantitative research with the aim of knowing the effect of the independent variable on the dependent variable. This research was conducted in Denpasar City with a population of 1,077 cooperative units. The sample size was determined using the Yamane Formula (2020: 137) so that a sample of 292 cooperative heads was determined. Data was collected by interview method at the pre-survey stage and continued with a questionnaire measured by a five-choice Likert Scale.

The variables in this study were identified as independent variables, namely entrepreneurial orientation (EO) and organizational culture. The dependent variable consists of innovation and business performance. EO is measured by three dimensions, namely innovativeness, proactiveness, and risk taking as measured by eleven indicators adopted from Vaitoonkiat and Charoensukmongkol (2019). Organizational culture is measured by the dimensions of clan, adhocracy, market, and hierarchy with a total of ten indicators adopted from Reino et al. (2020). Innovation is measured by product innovation and process innovation with seven indicators adopted from Farzaneh et al., (2018). Business performance is measured by the dimensions of non-financial performance and financial performance which are translated into seven indicators adopted from Arowwad et al. (2020).

## RESULTS AND DISCUSSION

The results of the validity and reliability test showed that all research instruments had met the validity requirements as evidenced by the correlation coefficient value of more than 0.30 so that the instrument was declared valid. The reliability test showed that each variable was declared reliable with Cronbach's alpha of more than 0.60.

**Table 1.**  
**Validity and Reliability Test**

Variables	Statement items	Validity		Reliability	
		Correlation coefficient	Val.	Cronbach's alpha	Rel.
<i>Entrepreneurial orientation</i>	No. 1 - 11	>0,30	Valid	0,938	Reliable
<i>Organizational culture</i>	No. 12 - 25			0,933	
<i>Innovation</i>	No. 26 - 34			0,839	
<i>Business performance</i>	No. 27 - 33			0,849	

Source : processed data, 2022.

Based on gender, there are more female respondents than male respondents, namely 54.1%. This shows that one form of women's empowerment in the field of cooperatives.

When viewed from the age, it is known that most of them are at the age of >42 years. The results of the study indicate that the leadership of the cooperative is an adult age group. When viewed from the level of education the most is Bachelor's education as much as 63.7%. This indicates that cooperative managers in Denpasar City are highly educated. Judging from the length of time being the chairman of a cooperative, most of them are > 5 years, meaning that the leadership is quite experienced in managing cooperatives and based on the location of the most cooperatives in West Denpasar (36.6%).

**Table 2.**  
**Outer Loading (Measurement Test)**

Konstruks	Original Sample (O)	T Statistics ( O/STDEV )	P Values
X1.1 <- Entrepreneurial Orientation	0,839	35,093	0,000
X1.2 <- Entrepreneurial Orientation	0,837	46,246	0,000
X1.3 <- Entrepreneurial Orientation	0,865	41,035	0,000
X2.1 <- Organizational Culture	0,891	49,421	0,000
X2.2 <- Organizational Culture	0,889	79,942	0,000
X2.3 <- Organizational Culture	0,929	97,244	0,000
X2.4 <- Organizational Culture	0,862	44,145	0,000
Y1.1 <- Innovation	0,907	62,513	0,000
Y1.2 <- Innovation	0,907	62,088	0,000
Y2.1 <- Business performance	0,925	54,157	0,000
Y2.2 <- Business performance	0,945	92,406	0,000

Source : processed data, 2022.

Based on Table 2, it is known that the measurement indicators for entrepreneurial orientation, organizational culture, innovation, and business performance variables have an outer loading value greater than 0.5 which means it is valid. The EO dimension with the highest outer loading value is indicated by the innovativeness of 0.865. The highest organizational culture dimension in the market dimension is 0.929. The innovation dimension with the highest outer loading value on the product innovation dimension is 0.907 and the business performance dimension has the highest Outer Loading value, namely non-financial performance of 0.945.

**Table 3**  
**Discriminant Validity**

Variable	AVE	$\sqrt{\text{AVE}}$	Korelasi			
			Org. Culture	Entrepreneurial Orientation	Innovation	Buss. perf
Org. Culture	0,797	0,893	1,000			
EO	0,718	0,847	0,687	1,000		
Innovation	0,823	0,907	0,630	0,794	1,000	
Business perf.	0,874	0,935	0,622	0,763	0,825	1,000

Source : processed data, 2022.

The AVE values shown in Table 3 each show a value exceeding 0.50 and when compared with the correlation coefficient between variables, all variables have a higher AVE root value and this result indicates the discriminant validity of the data is in the good category.

**Table 4**  
**Composite Reliability**

Variable	Composite Reliability
Organizational culture	0,940
Entrepreneurial orientation	0,884
Innovation	0,903
Business performance	0,933

Source : processed data, 2022.

Table 4 provides information that the composite reliability requirements have been met well where the composite reliability value of each variable has exceeded the recommended minimum value of 0.70 where organizational culture is 0.940; entrepreneurial orientation of 0.884; innovation of 0.903; and business performance of 0.933, which means that each variable is reliable. The results of the convergent test, discriminant validity, and composite reliability as a whole prove that the dimensions and indicators used in this study are valid and reliable measuring tools to explain each variable.

#### Inner model test

The R-square value shown in Table 5 shows that the structural equation of this research model is good, as evidenced by the R-square value of the innovation variable of 0.644 and the business performance variable of 0.717. This result means that the independent variables used, namely entrepreneurial orientation and organizational culture, have a good ability to explain the performance of the dependent variable, namely innovation and business performance.

**Table 5**  
**R-Square Score**

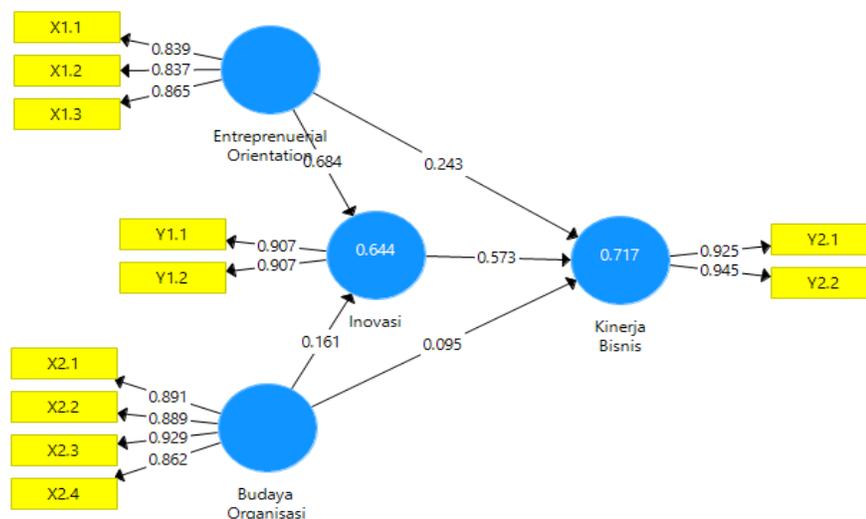
Variabel	R-Square
Innovation	0,644
Business performance	0,717

Source : processed data, 2022.

$$\begin{aligned}
 Q^2 &= 1 - (1 - R1^2) (1 - R2^2) \\
 &= 1 - (1 - 0,644) (1 - 0,717) \\
 &= 1 - (0,356) (0,283) \\
 &= 1 - 0,1007 \\
 &= 0,8992
 \end{aligned}$$

The structural model proposed in this study shows good observations. From the results of Q Square Predictive ( $Q^2$ ), it is known that the value of  $Q^2$  is 0.8992 which means that the performance of the dependent variable is 89.92 percent ( $0.8992 \times 100\%$ ) is explained by the role of the independent variable, while the remaining 10.08 percent

(100% - 89.92%) is explained by other variables not included in the current study or model. Value of  $Q^2$  also shows the results of the evaluation of the inner model and from the results of the calculation of  $Q^2$ , it can be stated that the constructs in this study form a model with good categories.



**Figure 1.**  
**Inner Model (Structural Model)**

Source : processed data, 2022.

### Hypothesis test

The value of inner weight generated from the results of data analysis is the value used to test the research hypothesis that has been proposed. Testing of the structural model of this research can be seen in Table 6 which is the estimated output.

**Table 6.**  
**Hypothesis Testing Results**

Variabel	Original Sample (O)	T Statistics ((O/STDEV))	P Values
Organizational_culture -> Innovation	0,161	2,577	0,010
Organizational_culture -> Business performance	0,095	2,359	0,019
Entrepreneurial_Orientation -> Innovation	0,684	11,321	0,000
Entrepreneurial_Orientation -> Business performance	0,243	3,926	0,000
Innovation -> Business performance	0,573	7,855	0,000

Source : processed data, 2022.

- 1) Testing Hypothesis 1: EO has a positive and significant effect on business performance

These results can be seen in the coefficient value of 0.243 with a t-statistics value of 7.855. The t-statistics value is above the value of 1.96 and the value of sig <0.05 so that H1 is declared accepted. This study supports previous research conducted by Lita et al., (2020), Ali et al., (2020), Masa'deh et al., (2018), Mahrous et al., (2019), AL-Dhaafri et al. al., (2016; 2019), and Kocak et al., (2017) prove that increasing EO will result in a

significant increase in business performance.

- 2) Testing Hypothesis 2: Organizational culture has a positive and significant effect on business performance.

These results can be seen in the coefficient value of 0.095 with a t-statistics value of 2.359. The t-statistics value is above the value of 1.96 and the value of sig <0.05 so that H2 is declared accepted. The results of this study support previous research conducted by Wang (2019), Aboramadan et al., (2019), Uz Kurt et al., (2013), Bhuiyan et al., (2020), Carlos Pinho et al., (2014), Lita et al., (2020), and Garcia-Fernandez et al., (2018) which prove that an increase in organizational culture will be followed by a significant increase in business performance.

- 3) Testing Hypothesis 3: EO has a positive and significant effect on innovation

These results can be seen in the coefficient value of 0.684 with a t-statistics value of 11.321. The value of t-statistics is below the critical value of 1.96 and the value of sig <0.05 so that H3 is declared accepted. The results of this study support previous research conducted by Lita et al., (2020), Yu et al., (2016), Barzola and Dentoni (2020), and Kocak et al., (2017) which have proven that EO has a positive and negative effect on significant to innovation

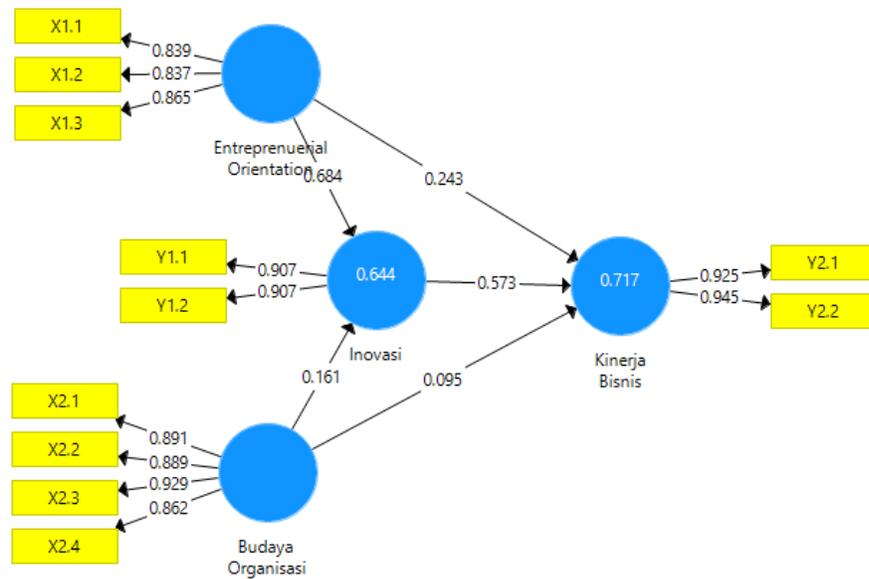
- 4) Testing Hypothesis 4: Organizational culture has a positive and significant effect on innovation

These results can be seen in the coefficient value of 0.161 with a t-statistics value of 2.577. The value of t-statistics is below the critical value of 1.96 and the value of sig <0.05 so that H4 is accepted. The results of this study support previous research conducted by Wang et al., (2019), Shahzad et al., (2017), Aboramadan et al., (2019), Uz Kurt et al., (2013), Nguyen et al., (2019), and Lita et al., (2020) which prove that organizational culture has a positive and significant effect on innovation.

- 5) Testing Hypothesis 5: innovation has a positive and significant effect on business performance.

These results can be seen in the coefficient value of 0.573 with a t-statistics value of 7.855. The value of t-statistics is below the value of 1.96 and the value of sig <0.05 so that H5 is declared accepted. The results of this study support previous research conducted by Wang et al., (2019), Aboramadan et al., (2019), Uz Kurt et al., (2013), Lita et al., (Kwarteng and Aveh, 2018), Hilarius et al., 2017), and Jafari et al., (2017) which prove an increase in innovation will be followed by an increase in business performance.

Based on the results of tests carried out using the Smart PLS3.0 application, the following research model images can be presented:



**Figure 2**  
**Full Model Structural (PLS Bootstrapping)**

Source : processed data, 2022.

Table 7 provides information on the results of testing the role of the mediating variable, namely innovation. Based on the test results, it can be argued that innovation mediates the effect of entrepreneurial orientation on business performance and also mediates the influence of organizational culture on business performance. The mediation test that has been carried out shows a significant value between the effects of A, C, and D.

**Table 7.**  
**Recapitulation of Test Results for Innovation Mediation Variables.**

No	Mediasi Variabel Inovasi, (Y1)	Efek				Ket
		(A)	(B)	(C)	(D)	
1	Organizational culture -> Inovasi -> Business performance	0,170 (sig)	0,634 (sig)	0,634 (sig)	0,716 (sig)	Partial Mediation
2	Entrepreneurial_Orien tation -> Innovation -> Business performance	0,292 (Sig)	0,777 (sig)	0,794 (Sig)	0,594 (Sig)	Partial Mediation

Source : processed data, 2022.

The results of the mediation test shown in the table prove the effect of entrepreneurial orientation on business performance is 0.243 and the total effect mediated by innovation is 0.634, which means that the effect of entrepreneurial orientation on performance increases higher mediated by innovation. The direct influence of organizational culture on business performance was 0.095 and increased to 0.187 mediated by innovation. From these results, it is known that entrepreneurial orientation is

more dominant in influencing business performance, either directly or mediated by innovation.

**Table 8**  
**Calculation of Direct, Indirect and Total Effects**

No	Hubungan Variabel	Efek Langsung	Efek Tak Langsung	Efek Total
1	Organizational culture -> Innovation	0,161	-	0,161
2	Budaya Organisasi -> Kinerja Bisnis	0,095	0,092	0,187
3	Entrepreneurial Orientation -> Inovasi	0,684	-	0,684
4	Entrepreneurial Orientation -> Kinerja Bisnis	0,243	0,391	0,634

Source : processed data, 2022.

## CONCLUSION

The results of statistical data analysis show that entrepreneurial orientation has a positive and significant effect on cooperative business performance in Denpasar City and this means that the higher the entrepreneurial orientation, the higher the cooperative business performance. Organizational culture has a positive and significant effect on the business performance of cooperatives in Denpasar City, which means that the more supportive the organizational culture, the higher the cooperative business performance. Entrepreneurial orientation has a positive and significant impact on cooperative innovation in Denpasar City, which means the higher the entrepreneurial orientation, the higher the innovation. Organizational culture has a positive and significant effect on cooperative innovation in Denpasar City, which means the more it supports organizational culture, the higher the innovation. Innovation has a positive and significant effect on cooperative business performance in Denpasar City, which means the higher the innovation, the higher the innovation business performance can mediate the respective effects of entrepreneurial orientation and organizational culture on cooperative business performance in Denpasar City, which means business performance will increase significantly when cooperatives Denpasar City is able to maximize entrepreneurial orientation and organizational culture so as to encourage innovation.

The suggestions given include the entrepreneurial orientation variable, which needs to be improved, namely the lowest indicator, namely risk taking, efforts that can be made are the cooperative management in analyzing the risks to be taken more deeply. In the organizational culture variable, it is known that the lowest indicator is adhocracy, by maintaining relationships with staff, increasing the ability of leaders, and increasing insight so that they can see the challenges they face so they can overcome them. In the innovation variable, it is known that the lowest indicator is process innovation by seeking understanding of new technologies, through participation in seminars and workshops.

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