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RESEARCH ARTICLE

The Impact of Organizational Culture on Innovative Work Behavior Mediating Role of Perceived Organizational Support in Indonesian Small and Medium Enterprises (SMEs)

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Abstract

This study examines how organizational culture influences innovative work behavior (IWB) in Indonesian small and medium enterprises (SMEs), focusing on the mediating role of perceived organizational support (POS). A survey of 296 SME employees, with 185 valid responses analyzed, shows that a culture emphasizing collaboration, adaptability, and employee empowerment significantly enhances innovation. However, POS does not mediate this relationship, indicating that cultural factors have a more direct impact. These findings highlight the need for SME managers to foster a workplace that encourages creativity, risk-taking, and knowledge-sharing to enhance innovation capacity. By embedding these cultural elements, SMEs can improve competitiveness despite resource constraints. The study contributes to the broader understanding of SME innovation in non-Western contexts, offering practical insights for leaders aiming to build innovation-driven organizations. Strengthening organizational culture can serve as a strategic approach to drive sustainable growth and resilience in the dynamic business landscape.

Keywords: Employee empowerment, Creativity, Organizational development, Innovation management, Small business resilience

INTRODUCTION

In today's competitive business landscape, innovation plays a critical role in maintaining a competitive edge and driving economic growth. West (1989) and West and Farr (1989) described innovative work behavior refers to the intentional process of generating, introducing, and applying new ideas within a work role, team, or organization to enhance performance at both individual and collective levels (Janssen, 2000). This behavior goes beyond mere creativity, as it also involves effectively advocating for and implementing creative ideas in practice (Amabile et al., 1996). Furthermore, (Janssen, 2000) emphasized that the innovation process typically unfolds in three stages: (1) idea generation, (2) idea promotion, and (3) idea realization. According to marketing scholars, accelerating innovation enables organizations to boost productivity, capture a larger market share, and, consequently, increase both revenue and profitability (Chandy et al., 2006; Drucker & Maciariello, 2004).

Small and medium enterprises (SMEs) play a vital role in Indonesia's economy, accounting for more than 60% of the national gross domestic product (GDP) and offering significant employment opportunities to a large segment of the population (Badan Pemeriksa Keuangan Republik Indonesia (2024); World Bank Malaysia, 2022). Small and medium enterprises (SMEs) serve as the backbone of most developing economies, including Indonesia, driving economic growth, job creation, and social development. These businesses are predominantly family-owned and managed, with a strong emphasis on daily operations and addressing immediate challenges (Ghazilla et al., 2015). This operational focus often makes it difficult for SMEs to shift their strategies toward long-term goals, such as enhancing sustainability and fostering innovation. Adopting new strategies typically requires fundamental changes in both business processes and the underlying beliefs of the family managing the enterprise.

Despite their resilience and agility, SMEs face several challenges that hinder their ability to foster innovation. Limited financial resources often restrict investments in research and development, technology adoption, and talent acquisition (Gunawan et al., 2021; Yaacob & Zain, 2016).

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Additionally, cultural barriers such as resistance to change, risk aversion, and reliance on traditional business practices impede innovation efforts. Many SMEs lack structured innovation processes and access to advanced infrastructure, making it difficult to implement and sustain innovative practices (Costache et al., 2021; Ghazilla et al., 2015). Moreover, constraints in human capital, including a shortage of skilled professionals with expertise in innovation and technology, further limit their capacity to develop and apply innovative solutions. External pressures, such as regulatory challenges, market volatility, and competition from larger corporations, add to the complexity of fostering innovation within SMEs.

Strategic orientation and innovation patterns also differ between large corporations and SMEs. Large companies typically adopt a "prospector" orientation, characterized by a strong focus on innovation and the continuous pursuit of new market opportunities, though this approach may sometimes lead to inefficiencies. In contrast, SMEs generally exhibit either a "defender" orientation, which emphasizes optimizing the efficiency of existing operations within limited product-market domains, or a "reactor" orientation, where changes are made sporadically and usually in response to external pressures, resulting in slower and less effective adaptation to change (Kumar et al., 2012). Despite the pivotal role of SMEs in driving Indonesia's economic growth, accessing financial services remains a persistent challenge (Fitria, 2024). This issue is particularly evident in smaller cities of Indonesia where the financial sector is less developed, limiting options for business financing (Riffianto & Suryani, 2017; Zaelani, 2020). Many SMEs rely on informal financial sources, such as personal networks of friends and family, which often provide insufficient capital to support business expansion and innovation (Adrian & Wijaya, 2021; Nurmilah et al., 2016). This financial constraint hinders their ability to invest in advanced technologies and remain competitive in the market (Hervé et al., 2021; Somadi, 2020).

A key obstacle for Indonesian SMEs is the limited availability of formal financial institutions that cater specifically to their needs (Wahyudiati & Isroah, 2018). Large corporations and established businesses are typically prioritized by banks, leaving SMEs with fewer opportunities to secure loans (Jumady et al., 2022). Even when financing is available, high-interest rates and stringent loan requirements create additional barriers (Latifah & Lubis, 2019; Santoso, 2020). Consequently, many SMEs are forced to seek informal financial sources, which not only come with higher costs but also provide limited funding (Octavia et al., 2020). Another critical challenge is the lack of financial literacy and business management skills among SME owners (Aribawa, 2016; Prakoso, 2020). Limited understanding of financial management makes it difficult for these businesses to navigate the complex financial landscape and make informed decisions (Bongomin et al., 2017).

Additionally, accessing financial services that require a certain level of financial knowledge, such as credit lines and investment opportunities, becomes more challenging and collateral requirements further restrict SMEs' access to formal loans. Financial institutions often demand substantial assets as security, which many SMEs cannot provide. This issue is compounded by the absence of robust government policies and programs designed to support SME loan guarantees (Arnomo, 2018; Kurniatun, 2016). Lastly, inadequate infrastructure in many regions of Indonesia poses another challenge, particularly in remote and rural areas where financial services are limited or unavailable (Rahmaniah et al., 2021). The lack of infrastructure in these regions hampers SMEs' ability to access the funding and support necessary for growth, thereby constraining local economic development.

In addition, organizational culture, characterized by the collective values, beliefs, conventions, and practices that shape individual behaviors inside a company, is essential in influencing employee engagement and innovation initiatives (Schein, 2010; Eskiler et al., 2016). This enables leaders to model and advocate specific behaviors, thereby guiding staff on how to align their activities with business objectives. A culture that fosters creativity and risk-taking is essential for improving creative work behavior among workers. Empirical studies demonstrate a favourable association between organizational culture and creative work behavior, indicating that firms that cultivate a supportive and adaptable culture are more inclined to have workers participating in innovative activities (Khan et al., 2020). Organizational culture is a pivotal factor influencing creative work behavior, enabling leaders to secure a competitive advantage in the marketplace. According to Bayhan and Korkmaz (2021), innovation management practices can transform existing organizational cultures into more innovative frameworks, thereby enhancing overall performance.

The significance of perceived organizational support (POS) as a mediator variable in this connection cannot be overstated. POS signifies workers' impressions of the degree to which their company appreciates their efforts and prioritizes their welfare. Research indicates that heightened perceived organizational support (POS) enhances workers' willingness to participate in creative activities, as they sense increased support and value within organizational culture context (Susilo, 2019; Türe & Akkoç, 2020). Understanding how POS influences the connection between organizational culture and creative work behavior is essential for Indonesian small firms, which often encounter resource limitations, to develop successful management strategies. Recent studies emphasizing the significance of managerial trust as a key element of corporate culture that influences creative work behavior. Furthermore (Özdaşlı et al., 2023) emphasize that a culture of trust significantly enhances workers' willingness to share information and engage in creative techniques. This is particularly relevant in small businesses because individual ties and trust greatly affect organizational dynamics.

While previous studies have explored the financial and operational challenges of SMEs, limited research has examined the internal factors that influence innovation, particularly in the context of Indonesian SMEs. Existing literature primarily focuses on the barriers to innovation at the organizational level, with less attention given to the role of individual-level innovation and the interaction between organizational culture and POS. Moreover, research on how these factors collectively impact SMEs' ability to foster innovation remains limited, especially in developing economies like Indonesia, where resource constraints and cultural factors present unique challenges.

This study aims to address this knowledge gap by investigating the relationship between organizational culture and perceived organizational support in fostering innovative work behavior within Indonesian SMEs. By examining these internal factors, this study seeks to provide insights into how SMEs can create environments that encourage creativity and innovation, thereby enhancing their competitiveness and long-term growth. Understanding these dynamics is crucial for developing targeted interventions and supportive policies that help SMEs overcome their innovation challenges and thrive in an increasingly dynamic business environment.

LITERATURE REVIEW

Organizational Culture and Its Influence on Innovative Work Behavior

All members of an organization share common views, values, and practices when we discuss organizational culture. Research has demonstrated that a robust and flexible organizational culture fosters creativity, enhances information exchange, and fosters creative behavior among employees. People view organizational culture as enhancing employee competitiveness and performance. An organization's nurtured and preserved organizational culture constitutes its identity and defining characteristics. Consequently, a well-established organizational culture will guide both the company and its members toward enhanced progress(Ferdinan & Lindawati, 2021). It has been discovered that a clan culture, which places an emphasis on trust and cooperation, has a good correlation with creative work behavior in small and medium-sized enterprises (SMEs) by creating an atmosphere that encourages the exchange of information (Marampa et al., 2024). In cultures like these, workers have a greater sense of support, which increases their propensity to participate in risk-taking and creativity.

Most researchers in the relevant literature indicate that organizational culture (OC) elucidates the forms of clan, adhocracy, market, and hierarchy. Researchers now believe that a cumulative methodology should treat the various types of OC as a single dimension. Furthermore, beyond identifying the influence of clan, adhocracy, market, and hierarchical organizational structures on innovation, it is essential to analyze organizational culture from a comprehensive perspective. Given its significance, the use of the Organizational Culture Assessment Instrument (OCAI) (Maher, 2000) was considered suitable. OCAI has assessed organizational culture as a single dimension. This scenario enables a comprehensive understanding of the organizational culture within the port operations that comprise the study sample. According to (Cameron & Quinn, 2006) organizational culture inventory predicts that the organizational culture in port operations will evolve towards a median state, regardless of its trajectory. According to studies conducted in Indonesian small and medium-sized enterprises (SMEs), especially in creative industries, organizational culture has a substantial impact on creativity. For instance, (Lita et al., 2020) discovered that the entrepreneurial approach and organizational culture significantly influence a business's creativity and performance. The fact that innovation functions as a mediator between culture and performance highlights the need for cultivating a culture that is open to innovation. This link is vital because innovation facilitates performance. Research on Indonesian rural banks provides additional evidence that organizational culture not only directly influences creative work behavior but also acts as a mediator in the relationship between culture and employee performance (Astrama et al., 2020). In order to maintain a competitive edge in small and medium-sized enterprises (SMEs), it is vital to foster a culture that encourages creativity and innovation.

Perceived Organizational Support as a Mediator

The concept of perceived organizational support (POS) revolves around the extent to which employees feel valued and supported by their organization. Different scholars have defined POS in various ways while aiming to simplify and clarify its meaning. Eisenberger et al. (1986) describe POS as an employee's belief that the organization appreciates their contributions and prioritizes their well-being. Similarly, Erdogan and Enders (2007) define it as the degree to which individuals perceive that their organization acknowledges their efforts, values their input, and offers necessary support. Employees who experience elevated levels of perceived organizational support (POS) are more likely to feel a responsibility to contribute to the growth of the organization development and assist in accomplishing its objectives (Wen et al., 2019).

Muse and Stamper (2007) further categorize POS into two dimensions: POS-J and POS-R. POS-J refers to the organization's concern for employees' performance and work outcomes, while POS-R reflects the organization's commitment to employees' well-being and respect. Both aspects collectively shape an employee's perception of organizational support. If either of these components is lacking, it can negatively influence the overall perception of how much support an organization provides. This highlights the importance of a balanced approach, where both professional growth and employee well-being are equally prioritized to enhance workplace satisfaction and engagement. Furthermore, (Ekmekcioglu & Öner, 2024) found that an innovation-oriented organizational culture positively influences employees' innovative work behavior (IWB), with perceived organizational support (POS) acting as a mediator.

Their study, conducted on 280 employees in Turkish techno parks, highlights that servant leadership and a supportive work environment enhance POS, which in turn fosters employee innovation. Qi et al. (2019) found that inclusive leadership in a multi-company Chinese sample enhanced perceived organizational support (POS), which partially mediated the relationship between leadership and employee innovative behavior. Their findings suggest that leadership styles fostering inclusion and support indirectly drive innovation by strengthening employees' perception of organizational support. According to (Fatoki, 2023) research reveals that participatory leadership fosters creativity by enhancing employees' perceptions of their organizations' support. This is particularly true in the context of small businesses. When it comes to fostering an environment that is conducive to creativity, this connection shows the significance of supporting organizational behaviors. Park and Kim (2022) found a robust correlation between perceived organizational support and creative work behavior. Many processes, such as psychological empowerment and organizational fairness, establish this connection. The findings of (Prima Lita et al., 2020) demonstrated that perceived organizational support (POS) significantly influence organizational performance in creative businesses that support tourism in Indonesia. These studies collectively suggest that SMEs fostering a supportive, innovation-oriented culture through leadership, values, and practices enhance employees perceived organizational support (POS), which in turn encourages proactive engagement in innovation beyond formal routines.

The concept of exchange relationships has been a subject of extensive discussion among theorists, researchers, and scholars across various disciplines, including economics, social sciences, and organizational studies. Different perspectives explore this exchange dynamic between organizations and employees, each emphasizing unique aspects of the relationship. However, research that integrates all these perspectives into a unified framework remains limited. Likewise, consolidating the various theories that define exchange and perceived

organizational support in one place is a challenge. This study aims to bridge this gap by focusing on Social Exchange Theory which provides a comprehensive lens to understand exchange relationships. It examines how economic, social, and organizational exchanges shape interactions between employees and organizations.

Theoretical Foundation POS and Social Exchange Theory

The concept of social exchange theory as a reciprocal process, where one party providing valuable services or benefits creates an obligation for the other to reciprocate in return. This exchange is not merely transactional but is rooted in mutual expectations, fostering a sense of indebtedness and reinforcing ongoing interactions. Similarly, Ekeh (1974) emphasized that human relationships are guided by a cost-benefit analysis, where individuals make decisions based on the perceived value they receive in return. When one party offers something of value, they anticipate reciprocity, while the recipient, feeling an obligation, seeks to return an equivalent benefit to maintain balance in the exchange relationship. At the core of social exchange theory lies the principle of reciprocity, which refers to the mutual exchange of resources, whether tangible or intangible, based on agreed-upon terms. When one party receives something valuable, they feel a sense of obligation to reciprocate with something of equal worth to sustain the exchange relationship (Blau, 2017). In social interactions, this exchange is often evaluated in terms of benefits gained and the costs incurred to maintain those benefits (Murstein et al., 1977). While traditionally applied to interpersonal relationships, scholars have argued that social exchange theory is equally relevant in workplace dynamics. Rousseau (1989) highlighted how reciprocal relationships shape interactions between employees, while (Shore et al., 2006) further emphasized the importance of applying this framework to understand employer-employee relationships. This perspective suggests that workplace relationships, much like social exchanges, are driven by perceived fairness, mutual benefit, and the continuous cycle of giving and receiving support.

Under this lens, POS can be seen as a catalyst for reciprocity. Perceived Organizational Support (POS) is recognized as a critical job resource that fulfills employees' psychological needs for esteem, affiliation, recognition, and emotional support (Kurtessis et al., 2017). Prior research has consistently shown that higher POS levels encourage employees to engage in discretionary behaviors that benefit the organization, reinforcing their willingness to contribute beyond formal job requirements (Eisenberger et al., 1990; Rhoades et al., 2001; Settoon et al., 1996). Employees who perceive strong organizational support often feel a sense of obligation to reciprocate, motivating them to exceed expectations in their roles (Eisenberger & Rhoades, 2001; Rhoades et al., 2001). By fostering a reciprocal exchange between employees and organizations, POS leads to several positive outcomes, including job satisfaction, commitment, enhanced task performance, and proactive citizenship behaviors (Eisenberger et al., 2002) Additionally, when organizations demonstrate genuine concern for their employees and provide constructive feedback, employees are more likely to explore new opportunities, generate creative solutions, and transform their ideas into innovative results (Gregory et al., 2010). This highlights the essential role of POS in shaping a supportive work environment that fosters both individual and organizational growth.

Perceived Organizational Support (POS) in SMEs Insights from Developed and Developing Economies

Empirical research across both developed and developing economies consistently underscores the importance of perceived organizational support (POS) in driving SME performance, trust, and innovation. In developing economies, studies have demonstrated that POS enhances organizational trust, learning capabilities, and innovative behavior, ultimately leading to improved SME performance. For instance, research in Nigeria found a strong positive relationship between POS and organizational success, particularly in resource-constrained environments where tangible support such as training, equipment, and funding is essential (Gabriel, 2023). A study conducted in Iran investigated the impact of perceived organizational support (POS) on the development of a learning organization, utilizing structural equation modeling to analyze responses from a sample of 336 valid participants out of 950 surveyed employees. The findings indicated that POS significantly influenced various dimensions of a learning organization, including continuous learning, dialogue and inquiry, team learning, empowerment, system connection, and strategic leadership (Salehzadeh et al., 2014). Meanwhile, studies in China and Pakistan further reinforce the link between POS and workplace innovation, emphasizing that employees who perceive strong support from their organizations are more likely to engage in innovative work behavior (Akhtar et al., 2020; Fan et al., 2022). On the other hand in developed economies, POS has been widely recognized for its role in enhancing employee engagement, commitment, and discretionary effort key elements in fostering innovation.

A study on Spanish SMEs during the COVID-19 crisis found that organizations that demonstrated strong support toward employees experienced heightened engagement and commitment, particularly in financially distressed firms, reinforcing the reciprocal nature of POS (Vílchez et al., 2024). Moreover, a meta-analysis by Kurtessis et al. (2017) using data from 558 studies, confirmed that POS leads to numerous positive outcomes, including job satisfaction, organizational commitment, and improved performance, which are equally relevant to SMEs. Despite variations in economic and institutional contexts, research consistently highlights POS as a critical factor in fostering innovation, resilience, and business sustainability in SMEs worldwide. Employees who feel supported by their organizations demonstrate greater trust, engagement, and willingness to contribute innovative ideas, making POS a strategic asset for SME growth in both developing and developed economies.

The Role of Innovation in SME Performance

One of the most important factors that determines success in small and medium-sized enterprises (SMEs) is innovative work behavior. To generate organizational innovation, it involves crucial actions such as idea production, concept promotion, and idea execution. Both the culture of the organization and the perceived organizational support (POS) play a crucial role in these behaviors because they provide an atmosphere in which workers feel encouraged to participate in innovative activities. The innovative work behavior of workers is characterized by consistent creativity, the communication of original ideas, the pursuit of new methodologies, and the optimization of resources (Bani-Melhem et al., 2020). Many indicators, including concept opportunity, idea creation, idea realization, and idea championing, evaluate innovative work behavior (De Jong & Den Hartog, 2010).

Innovative work behavior (IWB) plays a crucial role in helping organizations gain a competitive edge by driving differentiation and improving products or services through employee-generated ideas and initiatives (Shih & Susanto, 2011). While research has largely focused on factors that enhance IWB, fewer studies have explored its potential drawbacks and strategies to mitigate related conflicts. In today's knowledge-driven economy, maximizing employees' innovative potential is a top priority across industries, with human resource development (HRD) playing a key role in fostering a culture that supports innovation. Given that innovation often necessitates cultural transformation and collaboration, HRD is expected to be more instrumental than ever in shaping an environment conducive to creativity and continuous improvement (Park et al., 2014). However, despite the growing emphasis on innovation in HRD, research on the underlying drivers that encourage employees to engage in innovative behavior remains incomplete. IWB involves the intentional generation, development, and implementation of novel and practical ideas aimed at improving both individual and organizational performance. Additionally, workplace spirituality where employees seek meaning and connection in their work has been linked to enhanced creativity, particularly when nurtured alongside strong perceptions of organizational support (Afsar & Badir, 2017).

Research on small and medium-sized enterprises (SMEs) in Indonesia revealed that organizational trust is a significant element that mediates the connection between perceived organizational support and creative work behavior (Utomo et al., 2023). According to the findings of the study, increases in the levels of organizational support and trust have a favourable impact on the overall performance of small and medium-sized enterprises (SMEs). Similarly, (Fiernaningsih et al., 2023) research on vocational lecturers in Indonesia revealed that perceived organizational support and leadership traits significantly foster creative work behavior and employee engagement. Furthermore, (Jaidi et al., 2022) demonstrated that small and medium-sized enterprises (SMEs) require ambidexterity, which involves balancing exploration and exploitation activities, to enhance their innovation performance. According to the results, managers of small and medium-sized enterprises (SMEs) need to encourage both incremental and radical innovation in order to maintain their competitive edge in changing marketplaces.

METHOD

Research Design

This research uses a quantitative approach to investigate the relations among organizational culture, the impact of Perceived Organizational Support on Innovative Work Behavior in Small and Medium Enterprises (SMEs) in Indonesia. We used a cross-sectional survey method to gather data from workers at SMEs across diverse industries in Indonesia. We used this design to facilitate the statistical examination of the interactions among the research variables and to determine the mediating influence of POS on the relationship between organizational culture and creative work behavior.

Hypothesis

H1: Organizational Culture (OCAI) has a significant direct effect on Innovative Work Behavior (IWB).
H2: Perceived Organizational Support (POS) mediates the relationship between OCAI and IWB.
H3: The total effect of OCAI on IWB, including the mediating role of POS, is significant.

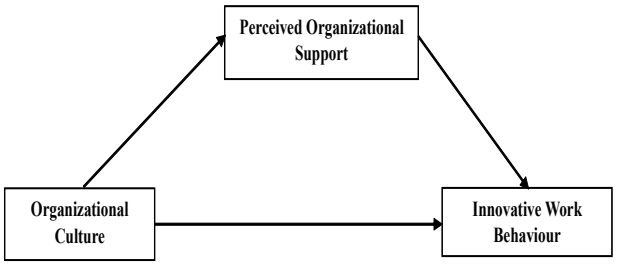


Figure 1. Proposed Research Model

Sample and Sampling Procedure

The study employed a purposeful sampling method to recruit workers from small and medium firms across Indonesia, carefully selecting participants from diverse sectors to ensure comprehensive representation of various industries and organizational cultures. Through the distribution of questionnaires via Google Forms, the researchers initially collected responses from 296 participants, but after rigorously applying attention-check items and data validation protocols, the final analysis focused on 185 valid respondents. By intentionally including employees from multiple administrative tiers, the research aimed to create a deeper and more detailed understanding of workplace culture and how employees feel supported by their organization. The participants in this study were drawn from a population of employees working in SMEs in Indonesia for a minimum of one year. According to Law No. 20 of 2008 and the Central Bureau of Statistics, the SMEs sector refers to businesses with a workforce ranging from 5 to 100 employees and an annual turnover between IDR 300,000,000 and IDR 50,000,000,000. The survey was distributed via Google Forms. The minimum number of participants required for this study, based on G*Power calculations, was 138 participants. To enhance response quality, attention-check questions were included to identify and exclude inattentive or random responses. Duplicate submissions were filtered by analyzing timestamps and IP addresses. Additionally, logical consistency checks were applied to verify coherence in responses, particularly regarding employment details and organizational perceptions. Incomplete or inconsistent responses were removed from the dataset. For reliability assessment, Cronbach's alpha and composite reliability values were examined to confirm internal consistency. Normality checks and descriptive statistical analyses were conducted to detect outliers or irregular patterns. These steps ensured that the final dataset was robust and suitable for analysis.

Data Collection

We collected data by administering a standardized questionnaire to small and medium enterprises (SMEs) workers online. The questionnaire had four sections: demographic information, organizational culture, perceived organizational support, and innovative work behavior. Organizational culture encompassing all four types is measured using the short version of the OCAI scale by

(Cameron & Quinn, 1999) which was also utilized in the study by (Azeem et al., 2021), with a total of 8 items, each type of culture is represented by two items. The cultures examined in this study are adhocracy culture, hierarchy culture, market culture, and clan culture. The reliability of the adhocracy scale is α = 0.631, the market culture scale is α = 0.615, and the clan culture scale is α = 0.625. Examples of items from this scale include: "We have informal norms and rules that everyone follows" and "Customer interests are never ignored when making decisions in the organization.". We assessed perceived organizational support (POS) using 8 items (Eisenberger et al., 1997). Innovative work behavior (IWB) was assessed using a scale. of (Etikariena & Muluk, 2014) concentrating on idea development, concept promotion, and idea realization consisting of 9 items with an α=0.80, including an example item: 'Gaining approval for the innovative ideas I propose'.

Data Analysis

This research employs IBM SPSS Statistics version 26 for descriptive statistics and SmartPLS 4.0 for confirmatory analysis and mediation analysis. Descriptive statistical analyses were conducted to explore the dataset's fundamental characteristics. These analyses involved calculating measures of central tendency (mean) and dispersion (standard deviation), offering a deeper understanding of the distribution patterns of the study variables. Additionally, confirmatory analyses were conducted to test predefined hypotheses, while mediation analysis was employed to examine the potential indirect effects between variables, further elucidating the relationships within the data. Hypothesis testing was performed using SmartPLS 4.0, which enabled a detailed examination of relationships and impacts among the study variables.

RESULTS

Respondent Characteristics

The table 1 shows that the majority of respondents answering the researcher's questionnaire were female, accounting for 69.2% (n = 128), while the remaining 30.8% (n = 57) were male. The majority of respondents were aged 18–28 years, comprising 87.6% (n = 162), followed by those aged 29–39 years at 9.7% (n = 18). The next age group, 40–49 years, represented 1.6% (n = 3), while the age groups 50–59 years and 60–69 years each accounted for 0.5% (n = 1). Educational background was also collected, showing that the majority of respondents had completed high school/vocational school (SMA/SMK) at 55.1% (n = 102). This was followed by those with a bachelor's degree (S1/D4) at 31.4% (n = 58), those with a doctoral degree (S3) at 8.6% (n = 16), junior high school (SMP) at 2.2% (n = 4), a diploma degree (D3) at 1.6% (n = 3), and primary school (SD/MI) at 1.1% (n = 2). In terms of business scale, respondents working in small enterprises with 5–19 employees made up 54.1% (n = 100), while those in medium-sized enterprises with 20–99 employees comprised 45.9% (n = 85). The business sectors reported by respondents were primarily culinary businesses, making up 51.9% (n = 96). This was followed by creative industries and trade (21.6%, n = 40), service industries (8.6%, n = 16), health (2.7%, n = 5), insurance (2.2%, n = 4), retail (1.6%, n = 3), agriculture and livestock (1.1%, n = 2), beauty care (0.5%, n = 1), and others not captured within the predefined categories (3.2%, n = 6).

Table 1. Descriptive statistics (N=185)

Category /Subcategory	Frequency	Percentage (%)
Gender		
Male	57	30.8
Female	128	69.2
Age		
18–28	162	87.6
29–39	18	9.7
40–49	3	1.6
50–59	1	0.5
60–69	1	0.5
Education Level		
SD/MI	2	1.1
SMP	4	2.2
SMA/SMK	102	55.1
S1/D4	58	31.4
S3	16	8.6
D3	3	1.6
Business Scale		
Small (5–19 Employees)	100	54.1
Medium (20–99 Employees)	85	45.9
Business Sector		
Culinary	96	51.9
Retail	3	1.6
Beauty Care	1	0.5
Others	6	3.2
Creative Industries/Trade	40	21.6
Health	5	2.7
Services	16	8.6
Agriculture/Livestock	2	1.1
Tourism	5	2.7
Printing	1	0.5
IT & Communication	6	3.2
Insurance	4	2.2
Entrepreneurial Experience		
Yes	107	57.8
No	78	42.2
Family Business		
Yes	112	60.5
No	73	39.5
Experience in Family Business		
Yes	95	51.4
No	90	48.6

Reliability and Convergent Validity

To ensure the quality of the measurement model, reliability and convergent validity were assessed using Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE) for each construct. These metrics are widely recognized as essential for evaluating the reliability and validity of latent constructs in Partial Least Squares Structural Equation Modeling (PLS-SEM) (Hair et al., 2019).

Cronbach's alpha values ranged from 0.720 to 0.883, indicating acceptable internal consistency reliability for all constructs, as values exceeding 0.70 are considered satisfactory for exploratory research (Nunnally & Bernstein, 1994). Similarly, composite reliability values ranged from 0.715 to 0.881, further confirming the reliability of the constructs, as they surpass the minimum threshold of 0.70 recommended by (Fornell & Larcker, 1981). These results indicate that the indicators consistently assess their intended constructs with reliability. However, the results for average variance extracted (AVE) indicate limitations in convergent validity for some constructs. Specifically, the AVE values for Organizational Culture (0.243) and Perceived Organizational Support (POS; 0.334) fell below the

commonly accepted threshold of 0.50 (Hair et al., 2019). This suggests that less than 50% of the variance in these constructs is captured by their respective indicators, highlighting potential weaknesses in construct validity. A closer inspection of the factor loadings (λ) reveals that several indicators exhibit suboptimal values. For Organizational Culture, items such as HC2 (0.407) and MC1 (0.395) demonstrated relatively low loadings, potentially contributing to the low AVE. Similarly, for Perceived Organizational Support, indicators POS6 (0.082) and POS7 (-0.147) performed poorly, suggesting they may not effectively represent the latent construct. These findings align with previous research indicating that low indicator loadings can reduce AVE and affect the measurement model's overall validity (Chin, 1998). Despite the low AVE values, the composite reliability (CR) and Cronbach's alpha for all constructs exceeded the required thresholds, indicating that the constructs are sufficiently reliable. Moreover, it is worth noting that high CR values can sometimes offset concerns regarding low AVE in early-stage research (Henseler et al., 2009). Future studies could address this limitation by refining or removing poorly performing indicators and ensuring better alignment between indicators and their respective constructs.

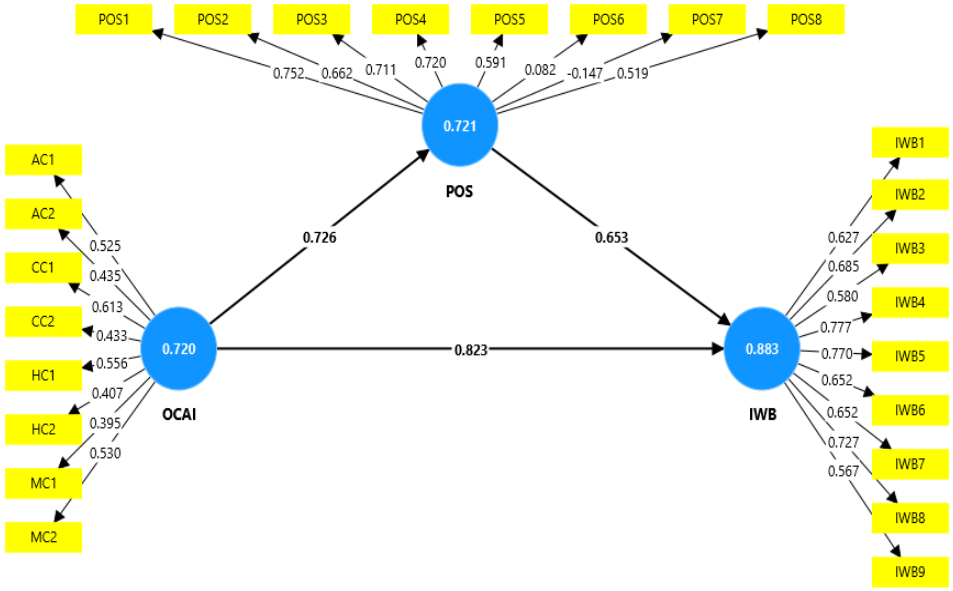


Figure 2. Confirmatory Analysis

Table 2. Reliability and Convergent Validity

Variables	Indicator	λ	Reliability Composite	*Cronbach's alpha*	AVE
Organizational Culture	AC1	0.525	0.715	0.720	0.243
	AC2	0.435			
	CC1	0.613			
	CC2	0.433			
	HC1	0.556			
	HC2	0.407			
	MC1	0.395			
	MC2	0.530			
Perceived Organizational Support (POS)	POS1	0.752	0.740	0.721	0.334
	POS2	0.662			
	POS3	0.711			
	POS4	0.720			
	POS5	0.591			
	POS6	0.082			
	POS7	-0.147			
	POS8	0.519			
Innovative Work Behaviour (IWB)	IWB1	0.627	0.881	0.883	0.455
	IWB2	0.685			
	IWB3	0.580			
	IWB4	0.777			
	IWB5	0.770			
	IWB6	0.652			
	IWB7	0.652			
	IWB8	0.727			
	IWB9	0.567			

Discriminant Validity Assessment

Discriminant validity was evaluated using the Heterotrait-Monotrait Ratio of Correlations (HTMT), following the guidelines proposed by (Henseler et al., 2015). HTMT is a robust criterion for assessing whether constructs in a structural equation model are sufficiently distinct from one another. Values below 0.85 indicate acceptable discriminant validity, while values above this threshold suggest potential overlap between constructs (Hair et al., 2017; Henseler et al., 2015).

Tabel 3. Heterotrait-Monotrait Ratio of Correlations (HTMT)

	IWB	OCAI	POS
IWB	0.675		
OCAI	0.823	0.492	
POS	0.653	0.726	0.578

The HTMT values for all construct pairs were below the conservative threshold of 0.85, confirming acceptable discriminant validity. Specifically, the HTMT value for Innovative Work Behavior (IWB) and Organizational Culture (OCAI) was 0.823, indicating that these constructs are distinct yet moderately related. The HTMT value for IWB and Perceived Organizational Support (POS) was 0.653, demonstrating strong discriminant validity. Similarly, the HTMT value for OCAI and POS was 0.726, further supporting the adequacy of discriminant validity across constructs.

Multicollinearity Assessment

To evaluate potential multicollinearity among the predictor variables, the Full Variance Inflation Factor (FIV) was calculated for each relationship in the model. FIV values below 3.3 are generally considered acceptable, indicating the absence of problematic multicollinearity (Kock & Lynn, 2012).

Tabel 4. Full Variance Inflation Factor

Model	FIV
OCAI - IWB	2.117
OCAI - POS	1.000
POS - IWB	2.117

For the relationship between Organizational Culture (OCAI) and Innovative Work Behavior (IWB), the FIV value was 2.117, indicating no significant multicollinearity. Similarly, the FIV value for the relationship between Organizational Culture (OCAI) and Perceived Organizational Support (POS) was 1.000, further confirming independence between these variables. Finally, the FIV value for the relationship between Perceived Organizational Support (POS) and Innovative Work Behavior (IWB) was also 2.117, demonstrating that multicollinearity is not a concern in this model. Based on these findings, the relationships between variables in the Partial Least Squares Structural Equation Modeling (PLS-SEM) framework can be interpreted without concerns of regression bias due to multicollinearity.

Variance Explained (R-Squared and Adjusted R-Squared)

To evaluate the explanatory power of the structural model, R-squared (R^2) and adjusted R-squared values were calculated for the dependent variables. R^2 values represent the proportion of variance in a dependent variable explained by its predictors, while the adjusted R^2 accounts for model complexity by penalizing unnecessary predictors (Hair et al., 2019).

Tabel 5. R-square Analysis Results

	R-square	R-square adjusted
IWB	0.684	0.683
POS	0.528	0.526

For Innovative Work Behavior (IWB), the R^2 value was 0.684, indicating that 68.4% of the variance in IWB is explained by the independent variables in the model. The adjusted R^2 for IWB was 0.683, which suggests that the predictors used in the model are relevant and that no unnecessary variables have been included. Similarly, the R^2 value for Perceived Organizational Support (POS) was 0.528, meaning that 52.8% of the variance in POS is explained by its predictors, with an adjusted R^2 of 0.526. These results demonstrate that the model explains a substantial proportion of the variance in the dependent variables, particularly for IWB, where the variance explained is quite high (R^2 = 0.684). According to Cohen (2013), R^2 values of 0.26, 0.13, and 0.02 can be considered substantial, moderate, and weak, respectively. Thus, the model shows strong explanatory power for both dependent variables, particularly for IWB.

Hypothesis Testing

H1: Organizational Culture (OCAI) has a significant direct effect on Innovative Work Behavior (IWB).
H2: Perceived Organizational Support (POS) mediates the relationship between OCAI and IWB.
H3: The total effect of OCAI on IWB, including the mediating role of POS, is significant.

Table 6 shows the mediating role of Perceived organizational support (POS) on the relationship between Organizational culture (OCAI) and Innovative Work Behavior (IWB). The results revealed a non-significant indirect effect of OCAI on IWB through POS (β = 0.083, t = 0.515, p = 0.607). R square=0.528 for POS, suggesting that 52.8% of the variance in POS is explained by OCAI. However, the total effect of OCAI on IWB was positive and significant (β = 0.824, t = 3.957, p = 0.000). Additionally, the direct effect of OCAI on IWB, in the presence of the mediator (POS), was also significant (β = 0.741, t = 0.577, p = 0.000). R square=0.685 for IWB, indicating that 68.5% of the variance in IWB is explained by OCAI and POS. These findings indicate that POS did not significantly mediate the relationship between OCAI and IWB.

Table 7 shows mediation analysis evaluated the relationships between Organizational Culture (OCAI), Perceived Organizational Support (POS), and Innovative Work Behavior (IWB). The direct effect of OCAI on IWB was significant (β = 0.741, t = 3.957, p = 0.000). This finding supports that OCAI directly influences IWB. The effect of OCAI on POS was significant (β = 0.726, t = 9.665, p = 0.607), This indicates that OCAI has a strong positive impact on POS. The effect of POS on IWB was not significant (β = 0.114, t = 0.577, p = 0.607), This finding does not that POS significantly influences IWB. These findings indicate that OCAI has positive significant IWB and POS. However, POS does not affect IWB.

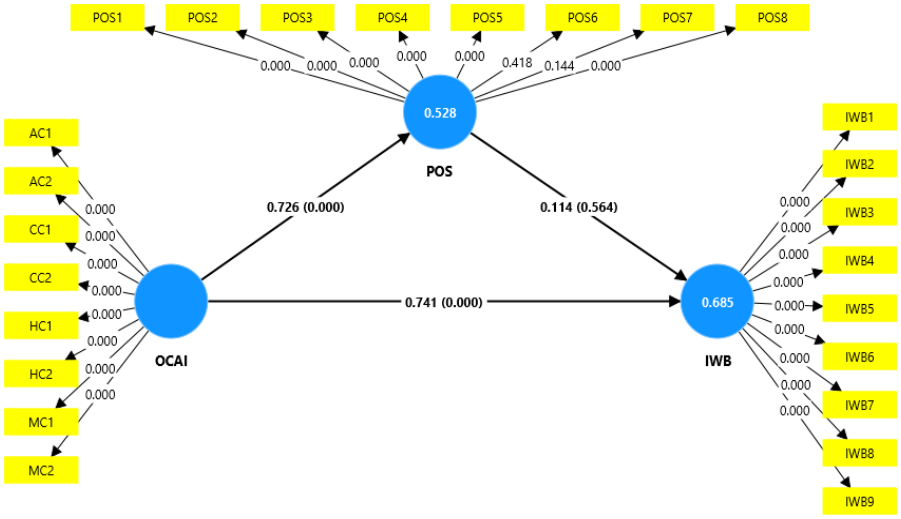


Figure 3. Mediation-SEM

Table 6 Mediation Analysis-SEM

Effect	Path	β	95% Lower	95% upper	t-statistics	p-value	Hypothesis
Total	**OCAI -> IWB**	0.824	0.470	1.158	3.957	0.000	Supported
Indirect	**OCAI->POS->IWB**	0.083	-0.052	0.298	0.515	0.607	Not Supported
Direct	**OCAI -> IWB**	0.741	-0.334	0.383	0.577	0.000	Supported

Table 7. Mediation Analysis-SEM

Path	β	95% Lower	95% upper	t-statistics	p-value
OCAI-> IWB	**0.741**	**0.470**	**1.158**	**3.957**	**0.000**
OCAI-> POS	**0.726**	**0.587**	**0.882**	**9.665**	**0.000**
POS-> IWB	**0.114**	**-0.334**	**0.383**	**0.577**	**0.607**

Effect Size (f-square)

The effect sizes of the independent variables on the dependent variables were evaluated using the f-square (f^2) measure, which quantifies the impact of each predictor on the R-squared value of the dependent variable. According to Chin (2010), f^2 values provide a critical lens for understanding the substantive importance of relationships in a structural model. Furthermore Cohen (2013) proposed thresholds for interpreting f^2 values: 0.02 (small effect), 0.15 (medium effect), and 0.35 (large effect).

Table 8. f-square Test Results

	f-square
OCAI -> IWB	**0.817**
OCAI -> POS	**1.117**
POS -> IWB	**0.020**

The results indicate that Organizational Culture (OCAI) has a large effect on both Innovative Work Behavior (IWB) ($f^2 = 0.817$) and Perceived Organizational Support (POS) ($f^2 = 1.117$). These findings align with (Henseler et al., 2009) who emphasize the pivotal role of organizational-level factors in driving employee outcomes, such as innovation and perceived support. The substantial f^2 values suggest that organizational culture plays a central role in influencing employee attitudes and behaviors. In contrast, the effect of Perceived Organizational Support (POS) on Innovative Work Behavior (IWB) was small ($f^2 = 0.020$). This finding corresponds with (Kock, 2015), who noted that smaller effect sizes might still be meaningful in complex systems where other unmeasured mediators or moderators, such as intrinsic motivation or team dynamics, could play a role. Despite its small magnitude, the POS-to-IWB link indicates that perceived organizational support contributes incrementally to fostering innovative behavior among employees.

DISCUSSION

The findings highlight the central role of organizational culture in fostering innovative behaviors among employees. The significant direct effect of OCAI on IWB was found to be significant ($\beta = 0.741$, $t = 3.957$, $p = 0.000$), indicating that a supportive and adaptive organizational culture directly enhances employees' engagement in innovative activities. This aligns with prior research emphasizing the critical role of organizational culture in fostering creativity and innovation (Ferdinan & Lindawati, 2021; Marampa et al., 2024). Cultures that prioritize collaboration, adaptability, and risk-taking create an environment conducive to idea generation and implementation (Cameron & Quinn, 2011). The substantial f-square ($f^2 = 0.817$) effect further reinforces that organizational culture is a central driver of innovative work behavior. This is consistent with the findings of Henseler et al. (2009) who argue that organizational-level factors strongly influence employee creativity and engagement. Particularly in SMEs, which face resource limitations, a robust organizational culture serves as a critical asset for sustaining competitive advantage and promoting resilience (Azeem et al., 2021).

Despite these positive findings, POS did not significantly mediate the relationship between organizational culture and IWB ($\beta = 0.083$, $t = 0.515$, $p = 0.607$). This finding diverges from prior studies suggesting that POS acts as a key mechanism for amplifying the effect of organizational culture on employee behavior (Fatoki, 2023; Park & Kim,

2022). While organizational culture had a strong influence on POS ($\beta = 0.726$, $t = 9.665$, $p = 0.000$), POS did not translate into a notable impact on IWB, indicating that perceived support alone is insufficient to drive innovation within the context of Indonesian SMEs. One possible explanation is that POS is more strongly linked to job satisfaction, commitment, and retention rather than proactive behaviors such as innovation (Kurtessis et al., 2017). Employees who feel supported may reciprocate with loyalty or improved job performance, but without additional mechanisms such as autonomy, encouragement for risk-taking, or leadership inspiration, they may not actively engage in innovation (Gunawan et al., 2021). To address the lack of a significant mediating role of Perceived Organizational Support (POS) in the relationship between organizational culture and innovative work behavior, several factors should be considered. First, cultural and contextual aspects may play a role, particularly in Indonesian SMEs, where collectivist values and hierarchical structures often dominate workplace dynamics. Employees may prioritize group cohesion over individual perceptions of support, potentially diminishing the impact of POS on innovation (Hofstede, 2001; Triandis, 2018).

Additionally, resource constraints typical of SMEs in developing economies may limit organizations' ability to provide consistent support, thereby weakening employees' perceptions of POS (Tambunan, 2019). Furthermore, the strong direct influence of organizational culture on innovative work behavior observed in this study suggests that cultural factors such as collaboration and adaptability may overshadow POS as a mediator (Maher, 2000). Alternative mediators could also be explored to better understand the relationship between organizational culture and innovation. For instance, employee engagement (Bakker & Demerouti, 2008), psychological empowerment (Spreitzer, 1995), trust in leadership (Dirks & Ferrin, 2002), or knowledge sharing (Nonaka, 1998) might play more significant roles. These variables could offer additional insights into how organizational culture fosters innovation. Additionally, to strengthen the practical implications for SME managers, this study emphasizes the need for open communication, structured innovation incentives, and a supportive environment where employees feel encouraged to propose and implement new ideas. Introducing mentorship programs and fostering cross-functional collaboration can further enhance innovative work behavior in SMEs. Future research should investigate these alternative pathways to provide a more comprehensive understanding of the mechanisms driving innovative work behavior in SMEs.

LIMITATION

This study has certain limitations that should be considered for future research. First, its cross-sectional design limits the ability to establish causality between organizational culture, perceived organizational support, and innovative work behavior. A longitudinal study could provide deeper insights into how these relationships evolve over time.

Second, the study relied on online survey data, which, while efficient for reaching a broad sample, comes with potential biases. Respondents' self-reported perceptions may be influenced by social desirability or individual interpretations of organizational culture and support. To improve data reliability, future research could incorporate multiple data sources, such as supervisor assessments or workplace observations.

Additionally, the study primarily examined perceived organizational support as a mediator. While this perspective adds value, other factors such as leadership styles, job autonomy, or psychological safety could also influence innovative work behavior. Exploring these variables in future studies would offer a more comprehensive understanding of how SMEs foster innovation.

CONCLUSION

This study extends the existing literature on innovation in SMEs by emphasizing the pivotal role of organizational culture in fostering innovative work behavior. The findings indicate that an organizational culture that encourages adaptability, collaboration, and employee empowerment has a significant direct impact on innovation within SMEs. While the mediating role of perceived organizational support was not statistically significant, this does not undermine the importance of organizational support but suggests that cultural elements may exert a stronger influence on innovation in SME contexts.

From a theoretical standpoint, this study contributes to the growing body of research by demonstrating that in SMEs, particularly in non-Western settings, a well-established organizational culture can serve as a key driver of innovation, even in the absence of strong perceived organizational support. This insight challenges the assumption that support structures must always mediate the relationship between culture and innovation, suggesting that direct cultural influences may play a more dominant role in smaller, resource-constrained enterprises.

In practical terms, these findings highlight the importance of cultivating a workplace culture that prioritizes innovation-friendly values. SME leaders should focus on fostering a collaborative and adaptive work environment that encourages risk-taking and creative problem-solving. Future studies can build on these findings by examining alternative mediators and moderators, employing longitudinal methodologies, and integrating qualitative insights to deepen our understanding of the mechanisms underlying innovation in SMEs.

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DECLARATION

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Conflicts of Interest/Competing Interests

The authors declare that they have no conflicts of interest relevant to this study.

Ethics Approval

This study was approved by the Ethical Committee of the Faculty of Psychology, University of Indonesia. The

ethical approval reference number is **177/FPsi.Komite Etik/PDP.04.00/2024**.

Consent to Participate

All participants provided informed consent before taking part in the study.

Consent for Publication

The authors consent to the publication of this manuscript.

Availability of Data and Material

The datasets generated and analyzed during this study are available from the corresponding author upon reasonable request, subject to ethical considerations and participant confidentiality.

Author Contributions

Muhammad Inzamam Khan Led the development of the manuscript by writing the Introduction and Literature Review sections. Additionally, he organized the overall structure of the paper and was responsible for submission to the journal.

Alice Salendu Supervised the research, provided mentorship, guided the structuring of the manuscript, refined the writing style, suggested the relevant research model, and offered continuous support throughout the manuscript preparation.

Fadia Azzahra Suggested research on the SME context, contributed to data collection, organized the Google Form survey, and assisted in submitting the ethical application letter to the ethical committee.

Shah Hussain Played a key role in data analysis and interpretation of results. He contributed to the writing of the results section, including the presentation of findings in tables and statistical summaries.

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