

# **An Empirical Study on the Influence of Cultural Characters On The Productivity Of MSMEs With Mediated Mentoring**

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## **ABSTRACT**

Factors that influence the increase in Micro, Small and Medium Enterprises (MSMEs) are one that must be considered by various institutions. For example, this study will test whether there is an influence of cultural character on the productivity of MSMEs with Mentoring as an Intervening Variable at BUMN PT. Permodalan Nasional Madani (PNM) Medan Branch. Quantitative methods for gathering data. Partial Least Squares (PLS) software is used in the processing of data with the SEM model. According to the study's findings, productivity is directly and significantly enhanced by innovation and cultural character. Similarly, mentorship is significantly improved by creativity and cultural character. Additionally, PT PNM Medan Branch productivity is directly and significantly improved by mentorship. Likewise, innovation and Cultural Character affect productivity mediated by mentoring at PT Pemodalan Nasional Madani Medan Branch.

**Keywords:** Innovation, MSME Productivity, Mentoring, Medan City

## **1. Introduction**

Micro, small, and medium-sized businesses (MSMEs) are currently receiving a lot of attention from the government. Micro, Small, and Medium-Sized Businesses (MSMEs) are crucial to the development of a nation's economy. The main problem that is still an obstacle for MSMEs is the difficulty of accessing capital from banks. The low productivity of MSMEs makes it difficult for MSMEs and is considered not to meet the requirements for applying for credit at banks or other financial institutions.

Therefore, Permodalan Nasional Madani (PNM) is needed as an institution engaged in financial services for State-Owned Enterprises (BUMN) whose shares are owned by the government to provide financing solutions to MSMEs. PNM was established as a realization of the government's real commitment to developing, advancing and maintaining businesses. Measuring productivity is an important thing for a company or organization, especially for MSME actors (Harvie, 2019). Because by knowing the level of productivity of their business, companies or organizations can find out the aspects that must be improved in order to encourage increased productivity (Choi et al., 2021). In this study, there are several factors that are known to influence the increase in MSME productivity.

Offering support is one way to ensure that MSMEs grow in a way that is suitable and boosts their productivity. According to Maulana et al. (2016), aid is the offering of support by third parties to raise community understanding and capacity regarding the issues encountered in order to offer solutions. The goal of the MSME program's support for business actors is to boost their ability to operate and thrive in any circumstance. Communication media are used to conduct numerous discussions in order to provide assistance (Jamil et al., 2022; Verma, 2019). Because assistance affects company productivity (Khalid et al., 2017). Based on these problems, by using the assistance of the BUMN PT Permodalan Nasional Madani (PNM) Medan City Branch, researchers examined the role of cultural character in increasing MSME

productivity mediated by mentoring.

This study certainly has limitations because of the number of variables determined by the researcher, namely cultural character, productivity and mentoring. therefore, further research is needed to test whether there are other influences in increasing MSME productivity in carrying out business and increasing their income.

## **2. Literature Review**

### **2.1. Cultural Character**

Character can be interpreted as nature, nature, morals or personality that is formed from a person's learning process towards a person's behavior, attitude and values that are believed and used as a reference for thinking, behaving and perspective on something (Yuliharti, 2019). Character is identical to morals, ethics and morals, so that character can form comprehensive human behavioral values (Samrin, 2016). A particular group's culture is a pattern of fundamental beliefs that they have learned and evolved as a result of studying and mastering the challenges of internal integration and external adaptation (Schein, 2010). Another opinion says that culture is the result of creativity, will and feeling (Widagdhho, 2010; Barnouw, 1985).

So it can be concluded that cultural character is a collection of attitudes, values, beliefs, nature, habits, morals or personality, and behavior that is formed from a person's learning process towards behavior, attitudes and values. Someone who is believed and used as a reference for thinking, behaving and viewing something that is shared by a group of people. According to Robbins & Timothy (2008) it is stated that the culture in an organization has key characteristics that are upheld by the organization. Therefore, this study will see whether there is an influence of cultural character on the productivity of MSMEs in Medan City.

According to Miron et al. (2004), cultural character is the sum of all of a person's knowledge, beliefs, arts, laws, morality, customs, and other abilities and habits as a member of a community. Cultural character has the greatest and most profound impact on consumer behavior since culture is the primary determinant of an individual's preferences and behavior in their surroundings (Cherian et al., 2021). Culture has an influence as a need to determine any behavior that is widely and deeply acceptable to consumer behavior (Awadh & Wan Ismail, 2012). Therefore, cultural character is also considered to produce productivity in the environment. because cultural character is considered to have an influence on productivity.

### **2.2. Productivity**

Productivity, according to Hasibuan (2016), is the comparison of input (input) and output (results). Productivity growth will boost labor, material, and time efficiency as well as work systems, manufacturing methods, and worker skill levels. Schermerhorn (2013) defines productivity as the outcome of evaluating performance while accounting for the resources utilized, including human resources. Productivity, according to Kussrianto (2017), is a comparison of the outcomes attained with the workforce's participation per unit of time. On the other hand, Salvatore (2011) asserts that employee behavior and attitude toward rules constitute job productivity.

Productivity is defined as the ratio of the total resources used to the results obtained (Sunyoto, 2012; Amal et al., 2022). Only humans can increase productivity at work. As a result, labor plays a crucial role in determining productivity. It is possible to assess or compare the rise or fall in job productivity to earlier periods. So this study will only test the effect on productivity.

Productivity is the process of matching performance, materials and resources desired by each person (Halkos & Bousinakis, 2010). Every company always tries to make its employees excel by providing maximum work productivity (Hartatik, 2014). In addition, Karim et al. (2013) explains productivity as a mental attitude that always tries and believes that tomorrow's life will be better. How productive a process produces an output is called productivity (Syverson, 2011). If this productivity runs according to the rules, then this will produce a good culture. as in this study culture is considered to affect productivity.

## 2.3. Mentoring

Through initiatives to enhance human resources (HR) that are tailored to the community's needs, mentoring is one method of raising the standard of living in the community, claims Miftahulkhair (2018). Without having additional authority, mentors only offer direction, counsel, and consultative support; the community they serve must share their objectives. In contrast, Sundari (2022) claims that mentoring is a means of empowering the community by assigning mentors who serve as communicators and facilitators and who decide the program's success. In mentoring, the person being mentored is the main controller (Dachi and Telaumbanua, 2022).

Mentoring is an activity that is carried out meaningfully coaching, teaching, directing groups to better master, control and control (De Sivatte et al., 2015). Basically, this mentoring is a means of providing alternatives, advice and consultative assistance to individuals and groups in decision-making related to sustainability. Mentoring is an empowerment technique in terms of its goal. Empowerment through mentoring is a strategy that greatly determines the success of empowerment programs, especially for the MSME sector. Suharto (2005) states that numerous mentorship indicators are crucial for tracking the effectiveness of the program being implemented and for emphasizing the significance of robust public participation in the empowerment process. In this study, the mentoring variable is used as a mediator in the study.

Mentoring is an action of a person or facilitator who is consultative, interactive, communicative, motivating, and negotiative. Business activities must be monitored and evaluated regularly through mentoring (Zarghoni & Rasool, 2021). This provides motivation for financial management, development, and network development, and helps mustahik manage their business better. The expansion of Mustahik's business is more significantly impacted by more extensive mentoring (Li & Zhang, 2022). Mentoring is basically very much needed in business development. so that with mentoring, it is hoped that the productivity of MSMEs can run smoothly.

## 3. Research Methodology

The type of research conducted is quantitative. Simply put, quantitative research is understood as research conducted with the aim of testing the research hypothesis (Creswell, 2016). The research employs one dependent variable, productivity, one intervening variable, mentoring, and one independent variable, cultural character (X). Descriptive analysis is used in this study, while SEM-PLS is used for the hypothesis testing analysis. MSMEs that utilize ULAMM services at the Medan City Branch of PT Permodalan Nasional Madani make up the study's population. There are 258 respondents in the samples using the maximum likelihood estimate approach. According to Cooper and Schindler (2014), this study used both primary and secondary data types and sources. Questionnaires are used to collect data for the study. The SEM model and the Partial Least Squares (PLS) software technique are used in data processing.

### 3.1. Hypothesis

1. Cultural character has a positive and significant effect on productivity.
2. Cultural character has a positive and significant effect on mentoring.
3. Mentoring has a positive and significant effect on productivity.
4. Cultural character has a positive and significant effect on productivity mediated by mentoring.

## 4. Results and Discussion

The perception scores on this study questionnaire were tallied and explained as follows in order to determine the respondents' opinions about it :

### 4.1. Cultural Character (X)

The following is a description of the findings from the tabulation of respondents' responses to the cultural character factors :

**Table 1.** Description of Cultural Character Variable Indicators

No.	Statement	Number and Percentage of Respondents' Answers									
		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		$\Sigma$	%	$\Sigma$	%	$\Sigma$	%	$\Sigma$	%	$\Sigma$	%
1	The company provides opportunities as individual initiatives	0	0,00	10	6,67	15	10,00	84	56,00	41	27,33
2	I am able to tolerate work risks	0	0,00	9	6,00	7	4,67	93	62,00	41	27,33
3	Leaders are able to provide direction to subordinates	0	0,00	11	7,33	14	9,33	90	60,00	35	23,33
4	I am always encouraged to innovate in my work	0	0,00	14	9,33	14	9,33	96	64,00	26	17,33
5	I always work with an emphasis on optimal results	0	0,00	6	4,00	20	13,33	93	62,00	31	20,67
6	I am always required to be independent in every effort made.	0	0,00	4	2,67	10	6,67	74	49,33	62	41,33
7	I am required to be a compact and reliable work unit in carrying out work to obtain optimal results.	0	0,00	9	6,00	9	6,00	91	60,67	41	27,33

Source: Processed Primary Data, 2024

An overview of respondents' opinions and perceptions of the nature of MSME culture at PT Permodalanan Nasional Madani (UlaMM) Medan Branch is given in Table 1, which is described as follows.

First, for 41 respondents, or 27.33%, highly agreed with the first statement, which claims that the organization offers opportunities as an independent initiative. There are 84 respondents, or 56.00%, who agree. There are 15 respondents (10.00%) that disagree. Ten respondents, or 6.67% of the sample, disagree. None of the respondents strongly disagree. From the tabulation, basically 83.33% of respondents assessed that the existence of cultural character provides opportunities for MSME actors to increase their individual initiative. However, there are 16.67% of respondents who stated the opposite statement because it is not the main basis for the importance of cultural character for MSMEs.

Next, 41 respondents, or 27.33%, strongly agreed with the second answer, which reads, "I am able to tolerate work risks." There are 93 respondents, or 62.00%, who agree. Seven respondents, or 4.67% of the sample, disagreed. Nine respondents, or 6.00% of the sample, disagreed. None of the respondents strongly disagreed. From the tabulation, basically 89.33% of respondents assessed that the existence of a company's cultural character makes MSMEs able to increase their sense of tolerance when faced with the work risks they have. However, as it was not the primary justification for the significance of cultural character for MSMEs, 10.67% of respondents made the opposite statement.

According to the results of the respondents' responses, 35 respondents, or 23.33%, strongly agreed with the third statement, which states that leaders can give guidance to their peers. There were 90 respondents, or 60.0%, who agreed. There were 14 respondents (9.33%) who disagreed. Eleven respondents, or 7.33% of the sample, disagreed. None of the respondents strongly disagreed. From the tabulation, basically 83.33% of respondents assessed that the existence of a company's cultural character makes it easier for company leaders to provide direction to subordinates. However, 16.67% of respondents stated the opposite because

it was not the main basis for the importance of cultural character for MSMEs.

The respondents' responses to the fourth item, which reads, "I am always encouraged to innovate in my work, 26 respondents strongly agreed or 17.33%. 96 respondents strongly agreed or 64.00%. 14 respondents disagreed or 9.33%. 14 respondents disagreed or 9.33%. No responders expressed a significant disagreement. From the tabulation, basically 81.33% of respondents assessed that the company always encourages MSMEs to innovate in their work as a manifestation of cultural character within the organization. However, 18.67% of respondents stated the opposite statement because it is not the main basis for the importance of cultural character for MSMEs.

Next, 31 respondents, or 20.67%, strongly agreed with the fifth statement, which states that I constantly work by stressing ideal results, according to the respondents' responses. 62.00%, or 93 people, strongly agreed. Twenty respondents, or 13.33% of the total, indicated that they disagreed. Six respondents, or 4.00% of the total, indicated that they disagreed. None of the respondents indicated that they strongly disagreed. From the tabulation, basically 82.67% of respondents assessed that having a cultural character encourages MSME actors to always work with an orientation towards optimal results. However, because it is not the primary justification for the significance of cultural character for MSMEs, 17.33% of respondents expressed the opposite opinion.

In response to the sixth statement, which reads, "I am always required to be independent in every effort made," 62 respondents, or 41.33% of the sample, indicated that they strongly agreed. 74 respondents, or 49.33% of the total, indicated that they agreed. Ten respondents, or 6.67% of the total, indicated that they disagreed. Four respondents, or 2.67% of the total, indicated that they disagreed. None of the respondents indicated that they strongly disagreed. From the tabulation, basically 90.66% of respondents assessed that having a cultural character requires MSME actors to be more independent in running their businesses. However, as it was not the primary justification for the significance of cultural character for MSMEs, 9.34% of respondents expressed the opposite opinion.

Finally, 41 respondents, or 27.33% of the sample, said that they strongly agreed with the seventh statement, which states : I must be a compact and dependable work unit in order to carry out job to acquire the best outcomes. 91 respondents, or 60.67% of the sample, said they agreed. Nine respondents, or 6.00% of the sample, disagreed. Nine respondents, or 6.00% of the sample, disagreed. None of the respondents strongly disagreed. From the tabulation, basically 88.00% of respondents assessed that having a cultural character requires MSME actors to be more compact and reliable in running their businesses to obtain optimal results. However, there were 12.00% of respondents who stated the opposite statement because it is not the main basis for the importance of cultural character for MSMEs.

#### 4.2. Assistance (Z)

The following is a description of the findings from the tabulation of respondents' responses to the mentorship variables :

**Table 2.** Description of Mentoring Variable Indicators

No.	Statement	Number and Percentage of Respondents' Answers									
		Strongly Disagree		Don't agree		Neutral		Agree		Strongly agree	
		Σ	%	Σ	%	Σ	%	Σ	%	Σ	%
1	The company provides facilities for developing potential for MSMEs	0	0,00	10	6,67	4	2,67	91	60,67	45	30,00
2	Professional business mentors are provided by the company for MSMEs	4	2,67	4	2,67	13	8,67	79	52,67	50	33,33

3	The company provides motivation in establishing a business	0	0,00	3	2,00	23	15,33	91	60,67	33	22,00
4	The company provides information on business networks to increase MSME relations	2	1,33	0	0,00	10	6,67	87	58,00	51	34,00
5	The company provides rules for MSME welfare	0	0,00	13	8,67	20	13,33	88	58,67	29	19,33
6	Consultation services related to how MSMEs can develop optimally	2	1,33	10	6,67	6	4,00	74	49,33	58	38,67
7	With direction and assistance, the number of assets or MSME business capital increases.	0	0,00	8	5,33	14	9,33	95	63,33	33	22,00

*Source: Processed Primary Data, 2024*

Table 2 provides an overview of the respondents' perceptions and views on mentoring at PT Permodalanan Nasional Madani (UlaMM) Medan Branch with the following description.

First, 45 respondents, or 30.00%, indicated that they strongly agreed with the first statement, which claims that the company offers facilities for MSMEs to realize their potential. 91 respondents, or 60.67% of the sample, said that they agreed. Four respondents, or 2.67% of the total, indicated that they disagreed. Ten respondents, or 6.67% of the total, indicated that they disagreed. None of the responders expressed a strong disagreement. From the tabulation, basically 90.67% of respondents considered that providing facilities to develop potential for MSMEs was an important form of mentoring for PT PNM (UlaMM). However, there were 9.33% of respondents who stated that the opposite statement was made because it was not the main basis for the importance of mentoring carried out by PT PNM (UlaMM).

Fifty respondents, or 33.33%, strongly agreed with the second statement, which asserts that the company offers MSMEs professional business mentors. There are 79 respondents, or 52.67%, who agree. Thirteen respondents, or 8.67% of the sample, disagreed. Four respondents, or 2.67% of the sample, disagree. Four respondents, or 2.67% of the sample, strongly disagree. From the tabulation, basically 86.00% of respondents consider the provision of professional business mentors to be an important form of assistance for PT PNM (UlaMM). However, there are 14.00% of respondents who state the opposite statement because it is not the main basis for the importance of assistance provided by PT PNM (UlaMM).

According to the results of the respondents' responses, 33 individuals, or 22.00%, strongly agree with the third statement, which states that the company offers motivation in starting a business. 91 respondents, or 60.67% of the sample, said they agreed. 23 respondents, or 15.33% of the sample, disagreed. Three respondents, or 2.00% of the sample, disagreed. No responders expressed a significant disagreement. From the tabulation, basically 62.67% of respondents considered that the provision of motivation by the company in establishing MSMEs was an important form of assistance to be carried out by PT PNM (UlaMM). However, there were 17.33% of respondents who stated the opposite statement because it was not the main basis for the importance of assistance provided by PT PNM (UlaMM).

A total of 51 respondents, or 34.00% of the sample, indicated that they strongly agreed with the fourth statement, which states that the company gives business network information to boost MSME relations. 87 respondents, or 58.00% of the sample, said that they agreed. Ten respondents, or 6.67% of the total, indicated that they disagreed. There were no respondents who expressed disagreement. Two respondents, or 1.33% of the total, indicated that they strongly disagreed. According to the table, nearly all of the respondents (92.00%) said that PT PNM (UlaMM) benefited greatly from the company's efforts to improve relationships with MSME actors by providing business network information. However, there were 8.00%

of respondents who stated that the statement was the opposite because it was not the main basis for the importance of assistance carried out by PT PNM (UlaMM).

Regarding the fifth statement, which states that the corporation provides regulations for the welfare of MSMEs, 29 respondents, or 19.33% of the sample, indicated that they highly agreed. There were 88 respondents, or 58.67%, who agreed. Twenty respondents, or 13.33% of the sample, disagreed. Thirteen respondents, or 8.67% of the sample, disagreed. None of the respondents strongly disagreed. From the tabulation, basically 78.00% of respondents considered the provision of regulations in order to improve the welfare of MSMEs to be an important form of assistance to be carried out by PT PNM (UlaMM). However, there were 22.00% of respondents who stated the opposite statement because it was not the main basis for the importance of assistance carried out by PT PNM (UlaMM).

Next, 58 respondents, or 38.67% of the sample, said that they strongly agreed with the sixth statement, which states that consultation services pertaining to the development of MSMEs have been operating at ideal levels. 74 respondents, or 49.33% of the sample, indicated that they agreed. Six respondents, or 4.00% of the total, indicated that they disagreed. Ten respondents, or 6.67% of the total, indicated that they disagreed. Two respondents, or 1.33% of the total, indicated that they strongly disagreed. From the tabulation, basically 87.00% of respondents considered the existence of consultation services related to how to develop MSMEs that have been running optimally to be an important form of assistance for PT PNM (UlaMM). However, there were 13.00% of respondents who stated the opposite statement because it was not the main basis for the importance of assistance provided by PT PNM (UlaMM).

Lastly, according to the respondents' responses to the seventh statement, which states that MSMEs' capital or assets increase with guidance and support, 33 respondents, or 22.00% of the sample, indicated that they strongly agreed. 95 respondents, or 63.33% of the total, indicated that they agreed. 14 respondents, or 9.33% of the sample, indicated that they disagreed. Eight respondents, or 5.33% of the total, indicated that they disagreed. None of the respondents indicated that they strongly disagreed. From the tabulation, basically 85.33% of respondents considered that the provision of direction and assistance and increasing the number of assets or capital of MSMEs was an important form of assistance for PT PNM (UlaMM). However, there were 14.67% of respondents who stated that the statement was the opposite because it was not the main basis for the importance of assistance provided by PT PNM (UlaMM).

### 4.3. Productivity (Y)

The following is a description of the findings from the tabulation of respondents' responses to the productivity variable :

**Table 3.** Description of Productivity Variable Indicators

No	Statement	Number and Percentage of Respondents' Answers									
		Strongly Disagree		Don't agree		Neutral		Agree		Strongly agree	
		Σ	%	Σ	%	Σ	%	Σ	%	Σ	%
1	My business sales are increasing due to additional capital from credit/financing from the bank	2	1,33	4	2,67	16	10,67	85	56,67	43	28,67
2	My product sales continue to increase over time	0	0,00	4	2,67	23	15,33	65	43,33	58	38,67
3	With training, coaching and mentoring for workers	0	0,00	11	7,33	10	6,67	87	58,00	42	28,00
4	My business capital always increases	0	0,00	7	4,67	24	16,00	78	52,00	41	27,33

5	Every year my business adds employees because the work is increasing	2	1,33	6	4,00	11	7,33	94	62,67	37	24,67
6	I carry out marketing activities both locally and abroad.	2	1,33	6	4,00	16	10,67	110	73,33	16	10,37
7	The profits/earnings from my business every month always increase.	0	0,00	6	4,00	17	11,33	85	56,67	42	28,00

*Source: Processed Primary Data, 2024*

An overview of respondents' opinions of MSMEs' productivity at PT Permodalanan Nasional Madani (UlaMM) Medan Branch is given in Table 3, which is described as follows.

First, 43 respondents, or 28.67%, strongly agree with the first answer, which claims that my company's sales are rising as a result of more capital from bank credit or financing. There are 85 respondents, or 56.67%, who agree. There are 16 respondents, or 10.67%, who disagree. Four respondents, or 2.67% of the sample, disagree. Two respondents, or 1.33% of the total, strongly disagree. From the tabulation, basically 85.34% of respondents consider that company productivity will increase if business sales continue to increase due to additional capital from credit/financing from the bank. However, there are 14.66% of respondents who state the opposite statement because it is not the main basis for increasing MSME productivity.

Next, 58 respondents, or 38.67%, strongly agree with the second statement, which claims that sales of my product have been rising over time. There are 65 respondents, or 43.33%, who agree. There are 23 respondents, or 15.33% of the total, who disagree. Eleven respondents, or 7.33% of the total, disagreed. None of the respondents strongly disagree. From the tabulation, basically 82.00% of respondents assessed that company productivity will increase if sales continue to have additional products sold every time. However, there are 18.00% of respondents who stated the opposite statement because it is not the main basis for increasing MSME productivity.

According to the results of the respondents' responses, 42 respondents, or 28.00%, strongly agreed with the third statement, which states that workers benefit from coaching, mentoring, and training. There are 87 respondents, or 58.00%, who agree. Ten respondents, or 6.67 percent, said that they disagreed. Eleven respondents, or 7.33% of the total, indicated that they disagreed. None of the respondents indicated that they strongly disagreed. From the tabulation, basically 86.00% of respondents considered that company productivity would increase if training, coaching and mentoring were carried out for workers. However, 14.00% of respondents stated the opposite because it was not the main basis for increasing MSME productivity.

According to the responses of the participants about the fourth statement, which reads, "My business capital is constantly growing," 41 respondents, or 27.33% of the total, highly agreed. There were 78 responders, or 52.00%, who agreed. There were twenty-four responders, or sixteen percent, who disagreed. Seven individuals, or 4.67% of the sample, disagreed. No responders expressed a significant disagreement. From the tabulation, basically 79.33% of respondents considered that the company's productivity would increase if the business capital owned by MSMEs continued to increase. However, there were 20.67% of respondents who stated the opposite statement because it was not the main basis for increasing MSME productivity.

According to respondents' responses to the fifth statement, which reads, "Every year my business adds employees because the work is getting more," 37 respondents, or 24.67% of the sample, strongly agreed. There were 94 responses, or 62.67% of the total, who agreed. Eleven respondents, or 7.33% of the total, indicated that they disagreed. Six respondents, or 4.00% of the total, indicated that they disagreed. Two respondents, or 1.33% of the total, indicated that they strongly disagreed. From the tabulation, basically 87.34% of respondents considered that the company's productivity would increase if my business added employees every year because the work was increasing. That being said, 12.66% of respondents disagreed,



stating that it was not the primary factor in raising MSMEs' productivity.

Next, 16 respondents, or 10.37%, strongly agreed with the sixth item, which states that I engage in marketing activities both inside and outside the region, according to the respondents' responses. 110 respondents, or 73.33%, said they agreed. 16 respondents, or 10.67%, disagreed. Six respondents, or 4.00%, disagreed. There were two, or 1.33%, respondents who strongly disagreed. From the tabulation, basically 83.70% of respondents considered that company productivity would increase if marketing activities were expanded both within and outside the region. However, 16.30% of respondents stated the opposite statement because it was not the main basis for increasing MSME productivity.

Lastly, 42 respondents, or 28.00%, strongly agreed with the seventh statement, which states that the profit from the business I run each month always increases, according to the respondents' responses. There were 85 respondents, or 56.67%, who agreed. 17 respondents, or 11.33% of the sample, disagreed. Six respondents, or 4.00% of the sample, disagreed. No responders expressed a significant disagreement. From the tabulation, basically 84.67% of respondents considered that company productivity would increase if MSME profits continued to increase every month. However, 15.33% of respondents stated the opposite because it was not the main basis for increasing MSME productivity.

#### 4.4. Testing the Direct Effect Hypothesis

In this study, hypothesis testing was accomplished by comparing the t-table or probability value (p-value) while taking the degree of confidence into account. A t table value of 1.96 and a confidence level of  $\alpha = 0.05$  were employed in this investigation. Table 4 displays the findings of the hypothesis test.

**Table 4.** Results of Direct Effect Hypothesis Test

Hypothesis	<i>Original Sample</i>	<i>t-statistics</i>	<i>p-values</i>	Conclusion
Cultural Character (X) → Productivity (Y)	0,326	3,316	0,001	H1 Accepted
Cultural Character (X) → Mentoring Satisfaction (Z)	0,317	3,166	0,002	H2 Accepted
Mentoring (Z) → Productivity (Y)	0,397	4,872	0,000	H3 Accepted

The direct hypothesis testing results for each variable—both directly related to production and mentoring are derived from Table 4's findings. The following is the explanation.

1. The first hypothesis examines whether cultural character and production are positively correlated. The eighth hypothesis was tested, and the p-value (0.001)  $< 0.05$  indicated that cultural character positively affects productivity. The initial sample value was 0.326, suggesting that productivity and cultural character are positively correlated.
2. The second hypothesis examines if mentoring and cultural character have a beneficial relationship. The seventh hypothesis was tested, and the p-value (0.001)  $< 0.05$  indicated that mentoring is positively impacted by cultural character. The initial sample value of 0.317 suggests that mentoring and cultural character have a favorable relationship.
3. The third hypothesis examines whether mentoring and production are positively correlated. The p-value (0.000)  $< 0.05$  indicates that mentoring has a positive impact on productivity, according to the findings of testing the ninth hypothesis. The initial sample value of 0.397 indicates that productivity and mentoring have a favorable relationship.

#### 4.5. Testing the Indirect Effect Hypothesis

Indirect influence, also known as moderating influence, was also analyzed in this study. Table 6 below displays the findings of the indirect impact hypothesis test.

**Table5.** Results of Indirect Effect Test

Hypothesis	<i>Original Sample</i>	<i>t-statistics</i>	<i>p-values</i>	Conclusion
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Cultural Character (X2) → Mentoring (Z) → Productivity (Y)	0,126	3,017	0,003	H4 Accepted
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Based on the results of Table 6, the results of indirect hypothesis testing on Purchasing Decisions through Consumer Loyalty are obtained. The explanation is as follows.

The fourth hypothesis examines how mentorship mediates the beneficial impact of cultural character on productivity. The thirteenth hypothesis was tested, and the p-value (0.002) < 0.05 indicated that mentorship mediates the favorable impact of cultural character on productivity. The initial sample value of 0.126 suggests that mentorship mediates the positive relationship between cultural character and productivity.

## 5. Discussion

### 5.1. The Influence of Cultural Character on Mentoring

The study's findings demonstrate that mentoring benefits greatly from cultural character. This means that when the cultural character of MSMEs increases, it will increase the mentoring carried out by PT PNM (UlaMM). Each company has a different cultural character to be applied as a basis for achieving company goals. The existence of this cultural character is needed as a distinctive feature and differentiator between companies. According to Robbins & Timothy (2008), the culture in an organization has key characteristics that are upheld by the organization.

The existence of a cultural character adopted by this company is the basis for formulating the right mentoring method for the sustainability of the company (Cherian et al., 2021). The right mentoring method will encourage increased company performance and strengthen the company's independence. In order to provide input for actions to enhance various parts of business operations and make them more efficient in achieving their business plans, mentoring is done by using communication media to conduct various talks (Jamil et al., 2022).

The results of this study show that the indicator that best describes cultural character is that the company provides opportunities as an individual initiative. Meanwhile, the indicator that best describes mentoring is that the company provides rules for the welfare of MSMEs (Ek, 2024; Ingtyas et al., 2021). From this, it can be concluded that the character of a good corporate culture is if it provides opportunities for business actors to increase the initiative of each individual in their efforts, and this will make it easier for PT PNM (UlaMM) to increase mentoring, especially in formulating rules that can improve the welfare of MSMEs.

### 5.2. The Influence of Cultural Characteristics on Productivity

The study's findings demonstrated that productivity is significantly enhanced by cultural character. The productivity of MSMEs will therefore rise as their cultural character increases (Hurley, 1995; Amin et al., 2021). There is a view that says that the key to an entrepreneur's success is highly dependent on their attitudes and behavior, so cultural character is one of the factors that plays a role in entrepreneurship where there are certain cultural values that support the increase in the potentials in an entrepreneur.

Hanif et al., (2019) stated that productivity, both materially and spiritually, is influenced by the company's culture itself. According to Anthony and Govindarajan (2007), one of the elements for achieving productivity targets in a company is cultural values. The more advanced and increasing the business, the greater the need for employees. In essence, management is achieving company goals by assigning other people (Hanif et al., 2018; Purba et al., 2019). Since it is linked to the degree of productivity and entrepreneurship, the culture that is ingrained in Micro, Small, and Medium-Sized Enterprises essentially influences the total management control that the entrepreneur implements. MSME owners can also utilize this to increase their receptivity to the idea of management control in order to enhance their company.

The study's findings indicate that the company's provision of opportunities as an individual initiative best captures the culture's spirit. However, the provision of coaching, mentoring, and training for employees is

the metric that best characterizes productivity (Ostapenko, 2015; Purba et al., 2019). From this, it can be concluded that the character of a good corporate culture is if it provides opportunities for business actors to increase the initiative of each individual in increasing productivity by conducting several types of training, coaching and mentoring for workers.

### **5.3. The Influence of Mentoring on Productivity**

The study's findings demonstrate that mentoring significantly increases MSMEs' output. This means that when the mentoring carried out by PT PNM (UlaMM) continues to be improved properly, the productivity of the MSMEs will increase. In order to increase the productivity of MSMEs, one of the steps to realize the growth of MSMEs so that it is in accordance with what is expected, mentoring is needed. According to Maulana et al. (2016), mentoring is the presence of support from outside sources to raise community understanding and capacity regarding the issues encountered in order to offer solutions. Enhancing business capability and enabling survival in any circumstance is the aim of the MSME program coaching for business players.

Basically, in developing one's own business (independent), the role of business mentoring is needed (Hussein et al., 2024). Business mentoring can help Micro, Small, and Medium-Sized Enterprises (MSMEs) expand more quickly. MSMEs as a tool that has been proven to be able to improve people's standard of living have become the main focus for developing countries. This is because MSMEs are an assistance sector in creating job opportunities, thus helping to improve the standard of living for the less fortunate.

The study's findings are consistent with earlier research by Kawiji (2013) and Cromton (2012), which found that mentoring affects company performance and productivity. According to the study's findings, the company's provision of guidelines for MSMEs' well-being is the indication that best characterizes mentoring. However, the provision of coaching, mentoring, and training for employees is the metric that best characterizes productivity (Ezu & Nnabugwu, 2025; Siahaan et al., 2022). From this, it can be concluded that the existence of rules that support the welfare of MSMEs provided by PT PNM (UlaMM) encourages increased productivity of MSMEs, especially in formulating types of training, coaching and mentoring for workers to increase MSME productivity. The more training, coaching and mentoring that is carried out, the more creative and productive MSME actors will produce new products and innovations.

### **5.4. Cultural character has a positive and significant influence on productivity mediated by mentoring.**

According to Robbins & Timothy (2008), the culture in an organization has key characteristics that are upheld by the organization and this has an impact on increasing productivity (Hanif et al., 2019; Anthony & Govindarajan, 2007). Since it is linked to the degree of productivity and entrepreneurship, the culture that is ingrained in Micro, Small, and Medium-Sized Enterprises essentially influences the total management control that the entrepreneur implements. MSME owners can also use this to increase their receptivity to the concepts of management control and mentorship in order to enhance their company.

The aforementioned claims are consistent with the study's findings, which demonstrate that mentoring can mitigate the favorable and substantial impact of cultural character on productivity. This means that a good and positive cultural character will increase the productivity of MSMEs along with increasing mentoring carried out by PT PNM (UlaMM). The existence of this mentoring makes MSME actors feel protected regarding cultural character (Bakas et al., 2020) and encourages their creativity so that they can produce products with added value and encourage increased productivity so that business sustainability increases.

## **6. Conclusion**

Based on the results of the previous research, it will be concluded that cultural character directly has a significant positive effect on Productivity by PT PNM. Likewise with the results of the next hypothesis that

cultural character directly has a significant positive effect on mentoring at PT Pemodalan Nasional Madani, Medan Branch. Furthermore, mentoring also affects productivity and the final variable results show that cultural character has a positive and significant effect on productivity mediated by mentoring.

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