







The effectiveness of leadership and organizational culture in Batusangkar on the management of micro, small, and medium enterprises

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ABSTRACT

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Keywords

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The purpose of the study was to evaluate the influence of leadership and organizational culture on the success of MSMEs in Batusangkar. The research approach was quantitative. The sample consisted of 267 MSME entrepreneurs in Batusangkar. Data collection techniques used questionnaires and documentation. Data analysis techniques included descriptive statistics and logistic regression analysis to explore the relationship between variables with the help of SPSS Version 29.0. The results found that leadership and organizational culture partially have a significant and positive influence on the success of MSME management in Batusangkar. Effective leadership provides direction and motivation, thus creating a productive work environment. It was also found that organizational culture encourages collaboration and open communication between MSME business actors. It was also found that leadership and organizational culture simultaneously have a positive and significant impact on management success. The conclusion is that the implementation of effective leadership practices and the development of a strong organizational culture are fundamental in ensuring economic growth and the most effective way to reduce poverty in Batusangkar. Practical implications are that the implementation of leadership with the development of culture in Batusangkar is used to improve the 21st-century economy.

Contribution/Originality: This study explains the development of MSMEs in Batusangkar in the face of the impact of an unstable global economy in the 21st century. The existence of MSMEs can reduce poverty rates and provide jobs for the community. The influence of leadership and organizational culture is one of the determining factors in increasing MSMEs in Indonesia, especially in Batusangkar.

1. INTRODUCTION

Almost all countries are competing to improve their economies in facing the challenges of the 21st century (Benitez Hurtado et al., 2024; Javaid, Haleem, Singh, & Sinha, 2024). Indonesia itself has an idea to develop MSMEs throughout the region (Nurhayati, Rahmawati, & Surwanti, 2024; Srimulyani, Hermanto, Rustiyaningsih, & Waloyo, 2023). The role of Micro, Small, and Medium Enterprises (MSMEs) in theory is a model that aligns with the culture of Indonesian society, especially in the Batusangkar area, which must play a major role in creating jobs (Astadi, Sisilia, Setyorini, Peranginangin, & Awirya, 2022; Hurdawaty & Tukiran, 2024). MSMEs are seen as contributing to reducing socio-economic disparities between communities (Rosyidiana & Narsa, 2024). The Batusangkar community,

which is rich in natural resources, has significant potential for developing MSMEs if supported by leadership and organizational culture that positively influence economic competitiveness, productivity, and MSME access (Truong, Dang, & Nguyen, 2025). In general, the goal of MSMEs is to improve the national economy by absorbing a lot of labor and becoming a driving force for economic growth (Maman, Dias, & Bassi, 2024; Qin, Xu, Wang, & Skare, 2024). However, many entrepreneurs face quite significant challenges, both internally and externally, such as limited capital, inadequate human resources, and minimal human resource capabilities (Salvadorinho, Ferreira, & Teixeira, 2024; Tandon et al., 2024). Therefore, it is necessary to pay attention to internal factors that are key to the success of MSMEs, including leadership and organizational culture, especially when facing external challenges. In an organization, the role of leadership plays an important part in achieving goals and strategies; success cannot be achieved without community cooperation (Kjellström, Sarre, & Masterson, 2024; Morales-Huamán et al., 2023; Sajjad, Eweje, & Raziq, 2024).

Effective leadership, characterized by efficient team management, creates a work environment that supports high organizational performance (Abdamia, Fahmy, Sieng, & Thangal, 2024; Hermanu, Sari, Sondari, & Dimyati, 2024; Maral, 2024). In the context of MSMEs in Indonesia, specifically in the city of Batusangkar, the decision-making capacity and the ability of leaders to provide clear direction significantly affect the results of economic management and economic development (Jabbour Al Maalouf, El Achi, & Balouza, 2025; Saputra et al., 2024). In addition to culture and leadership as determinants of MSME success, support from human resources and the community is also very necessary (Yahaya & Nadarajah, 2023). Culture in MSMEs reflects the values and practices that are absorbed into the organization. When employees are aligned in understanding leadership and culture, efforts to achieve goals become easier to accomplish (Maharani, Alfina, & Indawati, 2024). A strong organizational culture can drive optimal performance, increase the productivity of groups and individuals in society (Kotiloglu, Blettner, & Lechler, 2024; Tabatabaei, 2024). In MSMEs, leadership and organizational culture play an important role in driving economic growth in various countries, especially in Batusangkar. However, behind the importance of organizational culture, MSMEs often face various challenges that hinder economic development. Challenges arise from limited human resources, ineffective management practices, and a lack of innovative leadership (Altynbassov, Bayanbayeva, Tolegen, & Zhamankarin, 2024).

The urgency of this research lies in the differences in interests between leadership, organization, and human resource management in economic development as a source of problems in MSMEs. Economic development and poverty alleviation are also challenges for MSMEs in Batusangkar. With the presence of MSMEs, it is expected to contribute to increasing employment opportunities for the community, but also to be the vanguard in poverty alleviation efforts. Amidst the various challenges faced by MSMEs, such as increasingly tight competition and rapidly changing market dynamics, effective leadership and organizational culture are major factors in achieving economic success. So, the purpose of this study is to analyze and evaluate the influence of leadership and organizational culture on the success of MSME management in Batusangkar. By analyzing these influences, MSME leaders in Indonesia can formulate effective strategies, as well as create a conducive work environment in other fields. Another objective is to determine the implementation of policies in supporting MSME development through leadership programs and strengthening organizational culture.

2. LITERATURE REVIEW

The concept of micro, small, and medium enterprises (MSMEs) is an important segment of the world economy, characterized by specific features, contributions to economic development, and job creation (Lwesya & Mwakalobo, 2023; Rosyidiana & Narsa, 2024). In the world economy, the creativity of entrepreneurs, organizations, culture, and the community environment is needed to be independent in facing crises (Estrada-Cruz, Mira-Solves, & Martinez-Mateo, 2024; Seyfi, Kimbu, Tavangar, Vo-Thanh, & Zaman, 2025). According to economists, MSMEs are classified into three categories, namely micro, small, and medium enterprises, based on the concept of economic development

(Astadi et al., 2022; Loo, Ramachandran, & Raja Yusof, 2023). In the theoretical concept, it is said that micro businesses have capital funds of 5,000 USD- 15,000 USD, small businesses have 5,000 USD- 10,000 USD, and medium businesses have 15,000 USD-50,000 USD (Han et al., 2014). The theory states that MSMEs are typically characterized by limited technology adoption, dependence on local and global community orders, and the use of diverse raw materials, which often lead to variability in product quality (Nagy et al., 2025; Setyadi, Soekotjo, Lestari, Pawirosumarto, & Damaris, 2025). In MSMEs, there are three sectors: Production, Trade, and Services. Production businesses involve transforming raw materials into finished goods that add value, such as food products and handicrafts. Trade businesses focus on distributing goods to consumers, such as retail stores and restaurants. Meanwhile, service businesses provide consumer services, including consulting, travel agencies, and personal care services (Agarwal, Swami, & Malhotra, 2024; Carbonara, Petruzzelli, Panniello, & De Vita, 2024). However, in areas such as Batusangkar, there are seven main sectors that serve as the foundation, namely Trade, Processing Industry, Agriculture, Plantations, Livestock, Fisheries, and Services. These seven sectors play an important role in driving Indonesia's economic growth, creating jobs, and making a significant contribution to national income (Haag, Apfel, & Herbes, 2024; Heredia-Fonseca, Kumar, Ghosh, Thakur, & Bhattacharya, 2024). In running an MSME, it is very necessary to carry out a business feasibility test in each region (Basit et al., 2024). Feasibility studies in MSME ownership require identifying, assessing, and evaluating opportunities, difficulties, challenges, and solutions to ensure that the expected benefits outweigh the risks. MSME ownership necessitates evaluating marketing strategies, financial stability, production processes, environmental impacts, and technology integration to estimate potential benefits and risks (Lima Jr, Fernandes, & Tereso, 2023). Understanding and developing innovative MSMEs is also important for building sustainable companies (Saputra et al., 2024).

Meanwhile, in MSMEs, leadership plays an important role in management and in determining the strategic direction toward the success of an organization (Maharani et al., 2024). In the context of running an MSME, leaders are not only decision makers but also the main examples for the entire organization (Febriani, Sopha, & Wibisono, 2025). Effective leadership helps to utilize the potential of each group and individual, and with strategies like these, organizations can optimize their performance (Córdova, Moll, & Maure, 2021). The success of MSME management is highly dependent on the leader's ability to motivate, guide, and be fair to team members toward achieving collective goals (Martínez-Peláez et al., 2023). In running an organization, leadership style has a profound impact on the organizational environment (Haleem, Javaid, & Singh, 2024). Leaders who communicate clearly, actively listen to team feedback, and demonstrate empathy foster a positive and motivating work environment (Schiuma, Santarsiero, Carlucci, & Jarrar, 2024). Such an environment enhances employees' sense of value and encourages higher levels of performance. In addition, strong interpersonal relationships between leaders and team members encourage collaboration, facilitate the resolution of challenges, and support the achievement of organizational goals more efficiently (Soares, Da Silva, Biyanto, Miswanto, & Winarno, 2024). A leader's ability to design strategies that align with the unique conditions of MSMEs is critical to their success. Given that MSMEs often face resource constraints, leaders must have the expertise to develop effective and efficient strategies (Bhuiyan et al., 2024). With a well-designed strategy, MSMEs can be optimized and can reduce poverty and increase the economic level of a region (Edziah & Opoku, 2024). In addition, leaders must remain adaptive to changes in the community environment, allowing MSMEs to navigate and thrive in an increasingly competitive landscape (Jannah, Susyanti, & Farida, 2024). Leadership that prioritizes group development has long-term benefits for economic progress through MSMEs (Hurdawaty & Tukiran, 2024). Leaders who invest in improving the skills and capabilities of their teams contribute to the development of a more competent workforce that is better prepared to face emerging challenges. By providing training and development opportunities, leaders can improve the skills and productivity of their teams, thereby increasing the competitiveness of MSMEs. Therefore, effective leadership plays a critical role in ensuring the success and sustainability of MSMEs (Jabbour Al Maalouf et al., 2025).

While running, MSMEs must be in a good organizational culture environment (Astadi et al., 2022). Organizational culture is a fundamental determinant of the strategic direction and success of MSMEs in an area (Loo et al., 2023). Values, norms, and practices embedded in an organization influence the behavior and work processes of its members. When a positive organizational culture is fostered, employees tend to feel involved and committed to the goals of the company and the entrepreneur. A strong organizational culture serves as a motivator, encouraging team members to work as well as possible and take responsibility for their work. An established culture encourages a harmonious and productive work environment (Kusnadi, Hidayah, Pramono, & Sutopo, 2024). Individuals tend to feel comfortable with their roles in organizational groups when organizational culture encourages collaboration, trust, and open communication (Toufighi et al., 2024). This conducive work environment not only improves individual performance but also strengthens interpersonal relationships, thus facilitating more effective teamwork (Bijalwan, Gupta, Johri, & Asif, 2024). As a result, organizational culture plays an important role in encouraging more effective and efficient productivity and operational efficiency, which ultimately contributes to the achievement of the goals of MSMEs themselves, namely improving the community's economy and reducing poverty (Abdamia et al., 2024). A strong organizational culture not only fosters professionalism and a high work ethic among group members but also improves the overall performance of the organization (Kusnadi et al., 2024). It is also necessary in SMEs that discipline, responsibility, and integrity are consistently embedded in the organizational culture; this can motivate daily practices (Ribeiro, Costa, & Ramos, 2024). Individual and organizational goals encourage the creation of a cohesive work environment in MSMEs, so that MSMEs can build a strong ethical foundation and develop a good image in the eyes of consumers and business partners (Kulkarni, Joseph, & Patil, 2024). In an increasingly competitive business environment, organizational culture also plays an important role in increasing adaptability and encouraging innovation. A culture that encourages creativity and initiative helps MSMEs remain strong in the face of market shifts and evolving customer demands. Leaders and team members who are aligned with an innovation-driven culture are better prepared to address challenges quickly (Setiadi, Prasandy, & Alam, 2024).

3. DATA AND METHODOLOGY

3.1. Research Methods and Data

The approach used in the research is quantitative, with survey types in the form of questionnaires, observations, and documentaries (Ehwi, Oti-Sarpong, Shojaei, & Burgess, 2022; Shadiev, Sintawati, Kerimbayev, & Altinay, 2024). This study uses primary data collected directly from MSME owners in Batusangkar City and secondary data from the community, government, and organizations in the region. The population of this study consists of all MSME owners in Batusangkar, with a randomly selected sample of 267 MSME owners in Batusangkar City.

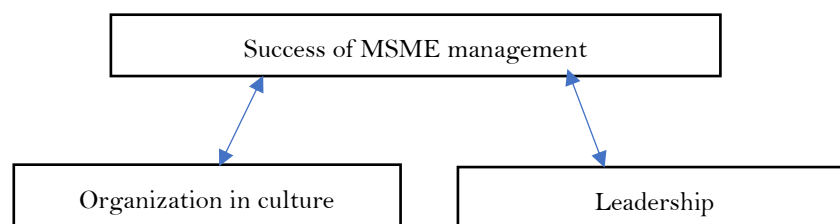


Figure 1. Relationship between leadership, organization and management of MSMEs.

Figure 1 shows the relationship between leadership, organization, and management in the context of micro, small, and medium enterprises (MSMEs). Effective leadership plays a role in shaping organizational culture, which impacts management success. Organizational culture is the foundation that determines attitudes and behaviors in business management. Good leadership can motivate and direct resources to create a productive work environment. The synergy between leadership and organizational culture significantly determines the ability of MSMEs to grow and achieve success.

3.2. Data Collection Techniques and Data Analysis Techniques

Research data collection techniques in examining the influence of leadership and organizational culture on the success of managing micro, small, and medium enterprises (MSMEs) in Batusangkar city. Primary data was collected directly from MSME owners in the area, while secondary data was obtained from official information provided by the government, community, and local organizations. The study collected data through direct observation, field identification, structured questionnaires, and documented all evidence. Observations were conducted to assess the actual conditions of MSMEs in Batusangkar, providing a clear picture of the situation and challenges faced by business actors. The structured questionnaire was designed with relevant questions aligned with the variables being measured, namely leadership, organizational culture, and business management success. This questionnaire was distributed to MSME actors via Google Forms with a Likert scale of 1 to 5 points, and data collection was carried out both offline and online to enable wider and more efficient participation, reaching the entire expected sample. The validity of the questionnaire was tested to ensure that the statements prepared were appropriate for measuring the research indicators.

The analysis technique used is descriptive statistics with the help of SPSS Version 29.0 and logistic regression techniques. The reason for choosing this method is to evaluate the relationship between independent variables, namely leadership and organizational culture, on the success of MSMEs in Batusangkar. All data analysis processes are carried out with the help of SPSS version 29 software, which provides support in processing and interpreting data more carefully. Steps in logistic regression are used to draw conclusions based on data collected from the field and questionnaires. Descriptive statistics are used to provide initial information about the characteristics of respondents and the variables studied. The data obtained are also tested for normality to ensure that the regression model used meets the assumptions of normal distribution. This statistical analysis technique provides an understanding of how internal factors, such as leadership style and organizational culture, interact with each other and contribute to the success of MSME management in Batusangkar. With a valid questionnaire, it can be accounted for in assessing or measuring the influence of leadership and organizational culture in the context of MSMEs, as well as providing practical advice for business actors in the region to improve the success of their management.

4. RESULTS AND DISCUSSION

4.1. Results

The results of this study align with the research objectives, namely to analyze the influence of leadership and organizational culture on the success of MSME management in Batusangkar City. Respondents totaling 267 also provided objective assessments and were sourced directly from MSME owners in Batusangkar.

The questionnaire was distributed to MSME owners via Google Forms, and there were direct face-to-face meetings, with a total of 267 valid responses. A questionnaire is considered valid if the statements accurately measure the concept being assessed. Validity testing was conducted to ensure the questionnaire's validity, as shown in the results below:

Table 1. Results of the validity test of the questionnaire of 30 statements from the three research variables.

No.	Statement	r-Table value	r-Count value	Note
Leadership (X1)				
1	Statement 1	1.00	0.311	Valid
2	Statement 2	0.20	0.311	Valid
3	Statement 3	0.46	0.311	Valid
4	Statement 4	0.76	0.311	Valid
5	Statement 5	0.47	0.311	Valid
6	Statement 6	0.32	0.311	Valid
7	Statement 7	0.65	0.311	Valid
8	Statement 8	0.76	0.311	Valid
9	Statement 9	0.46	0.311	Valid

No.	Statement	r-Table value	r-Count value	Note
10	Statement 10	0.76	0.311	Valid
No.	Statement	r-Table value	r-Count value	Note
Organizational culture (X₂)				
1	Statement 1	0.56	0.311	Valid
2	Statement 2	0.71	0.311	Valid
3	Statement 3	0.78	0.311	Valid
4	Statement 4	0.54	0.311	Valid
5	Statement 5	0.56	0.311	Valid
6	Statement 6	0.58	0.311	Valid
7	Statement 7	0.56	0.311	Valid
8	Statement 8	0.54	0.311	Valid
9	Statement 9	0.71	0.311	Valid
10	Statement 10	0.52	0.311	Valid
No.	Statement	r-Table value	r-Count value	Note
Business management success (Y)				
1	Statement 1	0.56	0.2759	Valid
2	Statement 1	0.65	0.2759	Valid
3	Statement 2	0.63	0.311	Valid
4	Statement 3	0.73	0.311	Valid
5	Statement 4	0.57	0.311	Valid
6	Statement 5	0.68	0.311	Valid
7	Statement 6	0.59	0.311	Valid
8	Statement 7	0.73	0.311	Valid
9	Statement 8	0.68	0.311	Valid
10	Statement 9	0.65	0.311	Valid

Source: Data processed using SPSS 29.0.

The results in Table 1 show that all questionnaires used in this study are valid and meet standards in obtaining information about the influence of leadership and organization on MSME management. Based on Table 1, the results of the validity test indicate that the *r*-count values exceed the *r*-table, confirming that the items are valid and suitable for use with the respondents selected or previously targeted. After establishing the validity of each item in the scale, a reliability analysis was conducted to assess whether the instrument provides consistent measurements of the same constructs across repeated observations.

Table 2. Results of the reliability test of the questionnaire of 30 statements from the three research variables.

Variables	Items	N	Cronbach's alpha	r-Critical	Note
Leadership	10	267	0.890	0.70	Reliable
Organizational culture	10	267	0.897	0.70	Reliable
Business management success	10	267	0.988	0.70	Reliable

Source: Data processed using SPSS 29.0.

Table 2 shows that the three variables in this study have Cronbach's alpha values exceeding 0.70, indicating that all questionnaire items for each variable are considered reliable. Furthermore, the classical assumption test was conducted to ensure the validity of the regression analysis results. This classical assumption test is fundamental in econometric modeling, including tests for normality, multicollinearity, autocorrelation, and heteroscedasticity.

Table 3. Descriptive statistics of leadership, organizational culture and management.

Descriptive statistics					
Variables	N	Minimum	Maximum	Mean	Std. deviation
Leadership	267	3	6	5.46	0.56
Organizational culture	267	3	6	4.56	0.56
Success of MSME management	267	3	6	4.26	0.59
Valid N (Listwise)	267	3	6	4.26	0.59

Source: Data processed using SPSS 29.0.

Table 3 presents descriptive statistics for the responses from participants regarding variables X1 (leadership), X2 (organizational culture), and Y (SME management). From the table, it can be seen that the responses are generally consistent, with relatively low variability among respondents. The normality test, which is intended to assess whether the dependent and independent variables in the regression model follow a normal distribution, was conducted using the non-parametric Kolmogorov–Smirnov (K–S) statistical test.

Table 4. Normality test of statements from the three research variables.

One-sample Kolmogorov–Smirnov test		
Unstandardized residual		
N		267
Normal parameters	Mean	0.0000001
	Std. deviation	0.42222213
Most extreme differences	Absolute	0.231
	Positive	0.189
	Negative	-0.128
Test statistic		0.189
Asymp. Sig. (2-tailed)		0.452

Source: Data processed using SPSS 29.0.

Based on Table 4, the results of the Kolmogorov-Smirnov normality test show that the distribution is not significantly different from the normal distribution, with a p-value of 0.452. The test statistic value of 0.189 supports that the data does not deviate from the normal distribution. Conformity to the normal distribution is very important because it allows the use of more powerful and accurate parametric statistical tests.

Table 5. F-test statistics of research variables.

Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	8.34	2	7.29	50.89	0.001 ^b
	Residual	5.59	138	0.53		
	Total	14.93	137			

Note: b. Predictors: Leadership, organizational culture.

Source: Data processed using SPSS 29.0.

The results in Table 5 show that the significance value of the F test is 0.001, which is below the threshold of 0.05 ($\alpha=0.05$). In addition, the calculated F value of 50.89 exceeds the critical F value of 5.59. This indicates that, with 95% confidence, all independent variables collectively have a statistically significant influence on the success of MSME management. Furthermore, the F test confirms that the overall regression model is valid. To assess the individual impact of the independent variables on the dependent variable, a t-test was conducted.

Table 6. t-Test statistics success of MSME management, leadership and organizational culture.

Variables	Coefficients	t	Sig.	Sig. one-tailed	Conclusions
Business management success	0.564	0.87	0.018	0.002	Accepted
Leadership	0.637	3.27	0.027	0.018	Accepted
Organizational culture	0.629	4.28	0.006	0.002	Accepted

Source: Data processed using SPSS 29.0.

Table 6 presents the results of the t-test for each independent variable. The significance values for leadership and organizational culture are below the threshold of 0.05, and the unstandardized beta coefficients for both variables are positive. In addition, the calculated t-values exceed the critical t-value. These findings provide strong evidence that leadership and organizational culture have a positive and significant impact on the success of MSME management.

Thus, the hypothesis is supported, indicating that these variables statistically partially affect MSME performance in Batusangkar.

4.2. Discussion

It was found in this study that the key to leadership and organizational culture is a determinant of success in managing micro, small, and medium enterprises (MSMEs) in Batusangkar City, South Sulawesi, Indonesia. This finding aligns with previous studies that state that good leadership and organizational cooperation are essential for running a successful business (Handoyo, Suharman, Ghani, & Soedarsono, 2023; Javanmardi, Maresova, Xie, & Mierzwiak, 2024). The discovery of UMKM development in Batusangkar supports the community's economy, can reduce poverty rates, and decrease unemployment. It was found that the developed UMKM is the main pillar of economic growth in the Batusangkar area. The impact of global economic competition can be overcome in the Batusangkar area by expanding UMKM businesses with the role of leaders and organizations that are increasingly widespread in the community. Internal factors are very important to guide UMKM business organizations in overcoming global challenges (Ahmadov, Durst, Gerstlberger, & Kraut, 2023; Astadi et al., 2022). Effective leadership factors can provide clear solutions and motivate business groups to achieve common goals (Kusnadi et al., 2024; Subramanian & Banihashemi, 2024). Leadership is the main and first key variable that can influence the success of UMKM management. Leaders who are able to manage teams well, listen to input from business groups and organizations, create a harmonious culture, and show concern for the needs and aspirations of employees tend to create productive work environments (Khalil Mohammed, 2024). MSME business groups that involve employees in decision-making provide a greater sense of comfort and responsibility to employees (Kanwal, Al Mamun, Wu, Bhatti, & Ali, 2024; Mat Lazim et al., 2022). In improving and commitment to business goals and positively impacting the overall performance of the organization in Batusangkar, a positive culture filled with values such as collaboration, trust, and open communication from the community, not only encourages employees to perform better but also strengthens relationships. It was found that employees feel comfortable and appreciated for being involved in making every business development decision; this increases individual productivity and overall operational efficiency. A strong organizational culture can increase collaboration and innovation. Leadership and organizational culture in the community not only have individual influences but also contribute simultaneously to the success of UMKM management in Batusangkar.

In principle, in this study, by implementing good leadership practices and encouraging a strong organizational culture, MSMEs can build a strong foundation and promote economic growth, and the number of unemployed is decreasing with their MSME efforts. Although the leadership and organizational culture of MSMEs often face obstacles in their implementation. For example, many MSME owners may not have adequate knowledge or management skills to implement effective leadership strategies for MSME businesses. In addition, organizational culture is often influenced by local culture and social norms that may not always support the innovation or collaboration desired by a small portion. To overcome problems like this, this study suggests that implementing early training and increasing community creativity can attract interest in doing MSMEs. In this study, leadership and organizational culture are important for stakeholders, including the Batusangkar government, the Indonesian government, and MSME support institutions globally, to provide coaching programs that are tailored to the specific needs and characteristics of MSMEs in each region. With a planned and systematic approach, it is hoped that MSMEs can be more competitive in facing existing challenges and can contribute significantly to the regional, national, and global economy. The development of organizational culture in MSMEs needs to be adjusted to changes in global market dynamics and consumer needs that continue to vary in society (Lewandowska, Berniak-Woźny, & Ahmad, 2023; Nustini, Arwani, Budiana, Wahyundaru, & Putra, 2024). MSMEs that are able to adapt quickly to change will have a better competitive advantage compared to other businesses. A culture that supports experiments, creativity, and analytical thinking will help MSMEs to remain relevant and responsive to fluctuating market needs. This study

sees it as very important to integrate both elements of leadership and organizational culture in MSME management. A holistic strategy, involving not only top management but also the participation of all employees, will create a positive and aspirational work atmosphere while optimizing existing resources. In this case, MSME leaders need to play an active role in fostering an attitude of mutual support among employees, so that they feel motivated to give their best contribution. The study shows factors that influence the success of MSMEs in Batusangkar and can be used throughout Indonesia and globally. The concept of strong leadership and organizational culture should be the main agenda for every enthusiast who wants to develop MSMEs, both locally and nationally and globally. Through the implementation of effective leadership practices and organizational culture, it is hoped that the number of successful and sustainable MSMEs can increase the economy and reduce poverty rates and reduce the number of unemployed people.

5. CONCLUSION, POLICY RECOMMENDATIONS AND LIMITATIONS

The conclusion of this study is that having good leadership and organizational culture is an essential foundation and key in managing micro, small, and medium enterprises (MSMEs) in Batusangkar City. Good leadership provides clear instructions in motivating MSME business groups and communities within the organization, as well as creating a productive work environment, while a strong organizational culture encourages collaboration and open communication among members. This has an impact on improving the economy, reducing poverty rates, and decreasing unemployment in Batusangkar. The weakness of this study is that it must consider the research method with a mixed approach that combines quantitative and qualitative methods to obtain more comprehensive empirical data on the factors influencing the success of MSMEs. Additionally, this study's limitations include external factors that are not observed, such as economic policies, access to financing, and infrastructure, which are important in supporting the growth and success of MSMEs. Therefore, this study provides policy recommendations to local and national governments to develop leadership training programs specifically aimed at MSME managers, enabling them to better manage groups and achieve the desired economic growth. These training programs should include the development of communication skills, decision-making, and motivational abilities. The government should also strengthen support for the formation of MSME entrepreneur communities focused on sharing best practices, experiences, and innovations. This can improve a positive organizational culture among MSMEs and strengthen collaboration networks within regions in Indonesia and globally. There should also be policies providing assistance or incentives for MSME actors who succeed in implementing good organizational culture and effective leadership in their respective regions. In this way, business actors can continue to improve themselves and adapt to dynamic market demands.

5.1. Policy Implications and Future Research

The implications of this study are related to policy. The results emphasize the role of local government in supporting community economic development through MSMEs and enhancing leadership and organizational culture. This study's implications for training in MSME implementation can serve as a strategic step to equip entrepreneurs with the necessary skills for managing human resources and creating a work environment that reduces unemployment. These implications should address not only technical aspects but also the development of soft skills, such as communication and interpersonal skills, which have been shown to impact group work positively. Effective communication with the community and organizations is essential for economic improvement. Therefore, the government can utilize these findings to assist the community in implementing MSME training in the future. With intensive involvement, this approach represents a new breakthrough for the government to foster global economic growth through MSMEs within the community. Conducting training within the community can lead to new insights and future research on strategies that MSME actors should adopt to face a more sophisticated era.

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Data Availability Statement: The corresponding author can provide the supporting data of this study upon a reasonable request.

Competing Interests: The authors declare that they have no competing interests.

Authors' Contributions: All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

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