

## Conference Paper

# The Importance of Organisational Skills to Manage Women's Cooperatives

**Rita Mutiarni**

STIE PGRI Dewantara, Indonesia

**ORCID ID**Rita Mutiarni: <https://orcid.org/0000-0001-5585-2954>**Abstract.**

As one of the economic pillars of Indonesia, cooperatives are expected to be able to take on more roles to support the economy of Indonesia. However, in reality, the development of cooperatives in Indonesia is still lagging compared to other financial institutions. It is presumably because the management still follows a simple structure by relying on the ability of human resources, namely cooperative management. This study aimed to determine human capital and spiritual capital's effect on women's cooperatives' performance in the Jombang district. This study used a quantitative approach. The sample used was 62 women's cooperatives. The data was collected through questionnaires and various documents about women's cooperatives in the Jombang district. The analytical tool used to test the hypothesis uses Warp Partial Least Square (Warp PLS) version 7.0. The results showed that there exists a direct influence between human and spiritual capital on the performance of women's cooperatives in Jombang. Human capital has also been shown to influence the implementation of spiritual capital. Therefore, spiritual capital can also mediate the role of human capital in the performance of cooperatives in Jombang. The results of this study serve as a reference for stakeholders of women's cooperatives in Jombang to provide guidance and training to managers of women's cooperatives in Jombang, especially in the form of improving practical skills for daily cooperative management.

**Keywords:** Human capital, spiritual capital, women's cooperative performance, Jombang

## 1. Introduction

The 1945 Constitution of the Republic of Indonesia, in article 33, paragraph 1, states that the Indonesian economy is structured as a joint effort based on kinship. The explanation of article 33 is that the prosperity of a society is prioritised, not the interests of individuals. Article 33 places cooperatives as one of the pillars of the national economy and its role in growing and developing the potential of the people. In its implementation, cooperatives are expected to grow as organisations and business entities that can play a role following the Cooperative Law Number 25 of 1992 and are also expected to be able to successfully advance the business units in it both in terms of quality and quantity so that it can indirectly improve the welfare of its members.

Corresponding Author: Rita Mutiarni; email: [rita.dewantara@gmail.com](mailto:rita.dewantara@gmail.com)

**Published** 21 December 2022

Publishing services provided by Knowledge E

© Rita Mutiarni. This article is distributed under the terms of the [Creative Commons Attribution License](#), which permits unrestricted use and redistribution provided that the original author and source are credited.

Selection and Peer-review under the responsibility of the ICESRE Conference Committee.

 OPEN ACCESS

The Ministry of Cooperatives and SMEs stated that they are preparing several steps so that cooperatives can be equal to corporations or large businesses, but the role of cooperatives has not been able to contribute optimally. In order to improve the performance of cooperatives, Jombang district has guided cooperatives through the Cooperatives and Small and mikro enterprise Jombang service.

The data of 2020 shows that there are 846 cooperatives in Jombang district consisting of Savings and Loan Cooperatives, Multipurpose Cooperatives, Village Unit Cooperatives, Islamic Boarding School Cooperatives and Women's Cooperatives. 846 cooperatives, not all are in good condition. The majority of cooperatives in Jombang are in grade "C" (<http://www.depkop.go.id/>,2020). Grade assessment in cooperatives in Indonesia is based on the regularity of Annual Member meetings. One of the causes of irregularities in the implementation of annual meetings is the inability/limitation of cooperative management to make reports such as standardised by the Cooperative Service and MSEs (1).

Women's cooperatives (Kopwan) in the Jombang district have an even distribution. Of the 306 villages and sub-districts in Jombang district, all of them have a women cooperative. However, in the condition of the women cooperative level/grade in Jombang district, the majority are in grade "D" (<http://www.depkop.go.id/>,2020). This is of course very unfortunate, because for an organisation, especially a non-profit organisation such as a cooperative, one of the things that motivates work is not the amount of reward in the form of salary / honours given but also an award from the government in the form of a title as a good and healthy cooperative (2).

Many studies have found that the main problem in the management of cooperatives is related to the low quality of human resources, in this case, the cooperative management (3). These deficiencies impact the ability of cooperatives to achieve optimal performance in an increasing digital business world. This emphasises the importance of human resources as the main component in internal cooperatives to gain competitiveness and achieve good performance. If the cooperative has extraordinary human resources, they are likely to make more effective and efficient decisions for the cooperative. These results will lead to the success of the cooperative. In organisational asset management, human resources are the central element in the organisation's intellectual capital (4).

Human Capital (HC) is the knowledge of an organisation represented by the knowledge of its employees (5). Employees generate Intellectual Capital (IC) through their competence, attitudes, and intellectual dexterity. Competence includes skills and education, while attitudes include components of work-employee behaviour (6). Intellectual agility allows a person to change practices and think of innovative solutions to solve

problems in the organisation (5-11). Human Capital consists of individual education, skills, values, and experiences. Human capital as the collective ability of companies to extract the best solutions from their respective knowledge (5). Human capital is significant because it is a strategic innovation and renewal source. The essence of human capital is intelligence, especially the intelligence of cooperative managers and employee. The combination of competence and employee commitment will create other positive results such as customer loyalty, productivity, and organisational performance. Based on the above premises, the first hypothesis in this study is:

**H<sub>1</sub>: The better human capital, the better the woman cooperative's performance**

Human Capital must be combined with other intellectual capital components such as spiritual capital to obtain maximum results. The concept of spiritual capital is born from the concept of spirituality itself, which is a complex term with various explanations ranging from: a) Inner integrity and relationships with others; b) Energy, knowledge; c) Evolutionary drive from a shift in focus from personality issues to awareness of the essence of the self, soul, or spirit and relationship with God (12-13).

There are several understandings from experts about spiritual capital. Spiritual capital is the amount of spiritual knowledge and belief available to a business to achieve multiple goals through its core employees (14). Spiritual capital is a set of religious values and individual ethics in an organisation (15). Spiritual capital is social goodness that guides business actors in decision-making, with an emphasis on life in the afterlife and seeking the pleasure of God, supported by Islamic business ethics (16).

Cooperatives are unique business organisations. This organisation was created to serve and prosper its members. Cooperative members are consumers as well as owners of the organisation. Therefore, in a cooperative, the main goal is not to get as much profit as possible, but to prosper the members. Therefore, measuring the performance of cooperatives cannot only use financial performance indicators.

Several previous researchers used non-financial indicators to measure cooperative performance include: a) Measure cooperative performance from the perspective of members (17), b) measure the performance of cooperatives from market share (18), c) Measure cooperative performance from satisfaction with cooperatives in general (19-20).

One of the organisational performance measurement tools that can provide an overview of financial and non-financial performance is the Balanced Scorecard (21). The Balanced Scorecard offers a series of measurements that allow management to gain a quick and comprehensive view of what is happening in the business through 4 (four) aspects of assessment, namely: 1) finance, 2) customers, 3) internal business, and 4) learning and growth. Measurement using the Balanced Scorecard also allows

organisations to identify various resources owned that are not represented in the company's performance reports in financial statements to identify gaps. Therefore, the Balanced Scorecard is appropriate to measure organisational performance, including the performance of Islamic cooperatives.

Based on the above premises, the first hypothesis in this study is:

H2 : The better human capital, the better spiritual capital

H3 : The better spiritual capital, the better woman cooperative's performance

H<sub>4</sub>: The better human capital mediated by spiritual capital, the better woman cooperative's performance

## 2. Research Method

This study uses a quantitative approach. The data of this study were obtained from primary data and secondary data. Primary data is obtained by researchers directly by distributing questionnaires to respondents, namely women's cooperatives in Jombang district, totalling 62 cooperative units. Secondary data is obtained by researchers from various documents related to the performance of women's cooperatives in Jombang Regency. The population in this study is a women's cooperative in Jombang Regency, which held the maximum Annual Membership Meeting in February 2021, a total of 128 cooperative units. The sample used in this study is stratified, so the number of respondents obtained is 62 cooperative units. The analytical tool used to test the hypothesis uses Warp Partial Least Square (Warp PLS) version 7.0. The independent variable used in this study is human capital (X), which consists of two indicators: 1) formal education and 2) organisational skills. The moderating variable is spiritual capital (Z) which consists of four indicators, namely: 1) willingness (sincerity), 2) responsibility, 3) ethics of cooperative management, and 4) ethics of cooperative employees. The dependent variable in this study is the performance of women's cooperatives (Y) which consists of three indicators, namely: 1) Member growth, 2) Asset growth, and 3) Cooperative's profit.

## 3. Results and Discussion

### 3.1. Partial Least Square (PLS) Analysis

This study examines the direct relationship between the independent variable, human capital, with the dependent variable, the performance of women's cooperatives, and

the mediating variable, *spiritual capital*. The results of testing the relationship can be seen in Figure 1 as follows:

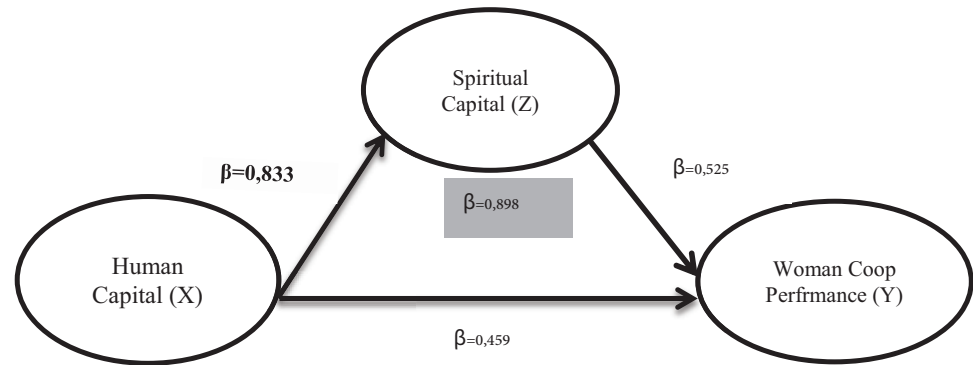


Figure 1: PLS analysis.

The data processing results show that human capital is directly proven to have a positive and significant effect on the performance of women’s cooperatives in Jombang Regency. Spiritual capital is also proven to influence the application of spiritual capital in women’s cooperatives in Jombang district. It has also been shown to affect the performance of women’s cooperatives. The results also show that spiritual capital mediates human capital’s effect on women’s cooperatives’ performance. The mediation is full because it has a greater value than the influence of human capital on the performance of women’s cooperatives.

### 3.2. Hypothesis Testing Results

Hypothesis testing was carried out using a statistical t-test using the Warp PLS 7.0 application, with the results that can be seen in Table 1.

TABLE 1: T-test.

Correlation	Path Coefficient	P-values	Information
X → Y	0.459	< 0.001	Significant
X → Z	0.833	< 0.001	Significant
Z → Y	0.525	< 0.001	Significant

Based on the results of the classification of path coefficients in table one above, it can be explained as follows:

1. Human capital (X) has a direct effect on employee performance (Y) with a value of 0.459 at a significance level (P-Values) <0.001 or less than 0.05. Therefore, H1 can be accepted, which means that human capital (X) has a positive and significant effect on the performance of women’s cooperatives (Y).

2. Human capital (X) has a direct effect on spiritual capital (Z) with a coefficient value of 0.833 at a significance level (P-Values) <0.001 or less than 0.05. Therefore, H2 can be accepted, which means that human capital (X) has a positive and significant influence on the performance of spiritual capital (Z).
  
3. Spiritual Capital (Z) has a direct effect on the performance of women’s cooperatives (Y) with a coefficient value of 0.525 at a significance level (P-Values) <0.001 or less than 0.05. Therefore, so that H3 can be accepted, it means that Spiritual Capital (Z) has a positive and significant influence on the performance of women’s cooperatives (Y).

Furthermore, to determine the indirect effect or mediation testing of the 4th hypothesis, it is carried out by calculating the VAF as shown in Table 2.

TABLE 2: Calculation of Mediation Effect.

Line name	Job satisfaction mediation test
	X → Y
P13	0.898
P12	0.459
P23	0.525
P12 x P23	0.240975
VAF	0.211

Source: Primary Data processed, 2021

Based on table two above, it appears that the results of the VAF calculation on the influence of human capital on the performance of women’s cooperatives through spiritual capital as a mediation show a value of 21.1 % (VAF is in the range of 20% < VAF <80%). Therefore, so that H4 is acceptable, it means that spiritual capital (Z) has a mediating role in the influence of human capital (X) on the performance of women’s cooperatives (Y).

### 3.3. Predictive R-Square and Q-Square values

The coefficient of determination using the higher *R-square* is declared suitable. In contrast, the *Q-squared* is used to assess the predictive validity or *relevance* of a set of predictor latent variables from several criteria variables as seen in Table 3.

Source: Primary Data processed, 2021

TABLE 3: Goodness Of Fit Between Latent Variables.

Variable	R-squared value	Q-Squared Nilai Value	Information
Human Capital	-	-	-
Spiritual Capital	0.695	0.706	Well
Women's Cooperative Performance	0.890	0.882	Well

Table 3 also shows that the latent variable of Spiritual Capital has an *R-Square* of 0.695, which means that the influence of human capital can predict 69.5% of spiritual capital. The *R-Square value* of the women's cooperative performance variable is 0.890; its value indicates that the effect of job satisfaction can predict 89.0 % of employee performance. The amount obtained on the *R-Square value* has met the *R-Square requirements > 0*. Job satisfaction has a *Q-Square* of 0.706 and an employee's performance of 0.882, which means that all variables have met the requirements of a *Q-Square value > 0* to meet a good *Goodness Of Fit*. The value of 0.706 indicates a moderate effect and 0.882  $Q^2$  indicates that the model is robust.

### 3.4. Discussion

#### 3.4.1. The influence of human capital (X) on the performance of Islamic cooperatives (Y)

The Skandia Navigator (22) shows that, in general, Intellectual Capital is divided into 2 (two) major groups, namely internal organisational factors represented by human capital (*Human Capital*) and external factors represented by structural capital (*Structural Capital*). Furthermore, it shows that from an internal perspective, *human capital* is the most critical element compared to other elements to colour organisational performance, including women's cooperatives.

Human capital is the knowledge of an organisation which is represented by the knowledge and competence of its employees (5-6). Competence includes skills and education. This intellectual agility enables one to change practices and think of innovative solutions to problems in the organisation (5, 8-11). In this study, the human capital in question is the role of formal education and organisational skills in promoting women's cooperatives in Jombang district.

From the results of the descriptive analysis, it is known that, in general, respondents stated that the role of formal education obtained during school was necessary to carry out daily activities in women's cooperatives. Formal education that is considered

very helpful in daily activities is the ability to count, basic computers, and simple accounting. Furthermore, from the results of the descriptive analysis, it is known that most respondents who fill out the questionnaire are in the age range of 30-35 years. So it can be concluded that the respondents have at least received a high school education and are familiar with using basic computers such as Ms Word and Ms Excel because it is commonly used at school.

Organisational skills are also crucial for the development of women's cooperatives. Women's cooperatives are non-profit organisations whose members are all female heads of households. Serving an organisation with homogeneous members, namely women, requires special skills that fellow women themselves only easily understand. Therefore, respondents stated that a unique and gentle approach and a high sense of empathy were needed to deal with various problems in cooperatives. It will be readily understood and implemented by the women themselves.

A combination of formal abilities and good organisational skills will make consumers, namely members of cooperatives, feel comfortable, trust, and loyal. Moreover, it will provide cooperatives as financial institutions and the most accessible place to save. If this condition can be maintained continuously, it will lead to the growing trust of cooperative members in women's cooperatives. In addition, it will lead to an increase in the number of members, an increase in cooperative assets, and the acquisition of the remaining operating results. The results of this study reinforce previous research (5, 8-11, 24), that stated human capital affects performance in financial organisations.

### **3.4.2. The Influence of Human Capital (X) on Spiritual Capital (Z)**

Women's cooperatives are financial institutions that aim to pursue profit and have social values, namely as social institutions and da'wah institutions (1). It is what distinguishes cooperatives from other financial institutions. Therefore, it takes heart and mental readiness for the management and employees of the cooperative to run it. It is where the importance of agility in managing cooperatives, especially women's cooperatives so that jobs that cannot be expected to be paid or paid can be completed quickly and easily.

Human capital is the main element of intellectual capital and is an essential source of sustainable competitive advantage (24). Human capital consists of formal education and organisational skills. For example, suppose cooperative management has good human capital. In that case, this will be able to grow other skills needed in cooperative



management, namely a sincere, responsible attitude and cooperative management, and employees will have good ethics, especially for cooperative members.

From the results of the descriptive analysis, it is known that the respondents stated that women's cooperatives are financial institutions that cannot promise large salaries. Therefore, unique skills are needed to be able to run a cooperative. If the skills are good, this will facilitate the cooperative's work so that the cooperative's management and employees will be able to provide good service and ethics to the cooperative members.

This study's results strengthen previous research which stated that human capital affects spiritual capital (25,26).

### **3.4.3. The Influence of Spiritual Capital (Z) on the Performance of Women's Cooperatives (Y)**

Spiritual capital consisting of willingness (sincerity), responsibility, ethics of cooperative management, and ethics of cooperative employees is one of the essential things to run a cooperative. For example, suppose the cooperative management has full awareness that cooperatives are financial organisations full of social elements. In that case, it is hoped that they will be willing to run cooperatives properly and responsibly. In the end, this will affect services to cooperative members and lead to the acquisition of the remaining operating results.

From the study results, it is known that the respondents stated that a conscious and sincere attitude is essential for the management and employees of the cooperative. They know that women's cooperatives cannot promise large salaries to employees and cooperative management. However, they must still maintain good ethics towards women's cooperative members. Suppose they can serve members well. In that case, this will impact increasing the number of members, increasing the cooperative's assets, and obtaining the remaining operating results.

The results of this study support previous research which state that spiritual capital affects performance organisation (27-28). The Influence of Human Capital (X) on the Performance of Women's Cooperatives (Y) through Spiritual Capital (Z). Human capital is an essential element for women's cooperatives. If the administrators have academic skills obtained through formal education and organisational skills, this will facilitate the management of women's cooperatives. However, this also needs to be combined with other intellectual capital, namely spiritual capital consisting of willingness (sincerity), responsibility, ethics of cooperative management, and ethics of cooperative employees.

If this can be carried out properly, it will impact the growth of the trust of cooperative members in women's cooperatives. It will lead to an increase in the number of members, an increase in cooperative assets, and the acquisition of the remaining operating results. The results showed that spiritual capital fully mediates the role of human capital on the performance of women's cooperatives.

## 4. Conclusion

From the results of research and discussion, it can be concluded that human capital consisting of formal education and organisational skills is proven to influence the performance of women's cooperatives. In addition, spiritual capital consisting of willingness (sincerity), responsibility, ethics of cooperative management, and ethics of cooperative employees has also been proven to influence women's cooperatives' performance. Therefore, spiritual capital is also proven to mediate the role of human capital on the performance of women's cooperatives in Jombang district. From the conclusions that have been conveyed, it is necessary for stakeholders in women's cooperatives, especially in Jombang district, to consider providing training to improve the capabilities of women's cooperative employees and administrators. The training can be practical to facilitate recording activities in women's cooperatives as well as other soft skills such as communication and problem-solving. One of the limitations of this study lies in the distribution of the unit of analysis which is only limited to women's cooperatives in Jombang district. For this reason, further researchers interested in conducting research with the theme of intellectual capital or cooperatives can expand the scope of the research population.

## References

- [1] Wediawati B, Setiawati R. Spiritual intermediation in Islamic microfinance: Evidence from Indonesia. *Proceedings of the International Conference, Integrated Microfinance Management for Sustainable Community Development (IMM)*. 2016;7:155–161.
- [2] Ismanto H. Analysis of the effect of company size, book-to-market value, and beta on stock returns on the IDX. *Journal of Economics & Education*. 2011;8.
- [3] Pratiwi NRP. Pengaruh beban kerja terhadap kinerja karyawan melalui variabel stres kerja pada Koperasi Simpan Pinjam (KSP) Lohjinawe Rembang [Doctoral dissertation]. Indonesia: Universitas Islam Negeri Maulana Malik Ibrahim; 2016.
- [4] Drucker PF. The rise of the knowledge society. *The Wilson Quarterly*. 1993;17:52–72.

- [5] Bontis N. Assessing knowledge assets: A review of the models used to measure intellectual capital. *International Journal of Technology Management*. 2001;3:41–60.
- [6] Roos J, Edvinsson L, Dragonetti NC. *Intellectual capital: Navigating the new business landscape*. Germany: Springer; 1997.
- [7] Bueno E, Salmador MP, Rodríguez Ó, De Castro GM. Internal logic of intellectual capital: A biological approach. *Journal of Intellectual Capital*. 2006;7:394–405.
- [8] Daud S, Yusoff WFW. How intellectual capital mediates the relationship between knowledge management processes and organisational performance. *African Journal of Business Management*. 2011;5:2607–2617.
- [9] Dumay J, Roslender R. Utilising narrative to improve the relevance of intellectual capital. *Journal of Accounting & Organisational Change*. 2013;9:248–279.
- [10] Kamukama N, Ahiauzu A, Ntayi JM. Intellectual capital and performance: Testing interaction effects. *Journal of Intellectual Capital*. 2010;11:554–574.
- [11] Khalique M, Isa AHBM, Nassir Shaari JA, Ageel A. Challenges faced by the small and medium enterprises (SMEs) in Malaysia: An intellectual capital perspective. *International Journal of Current Research*. 2011;3:398.
- [12] Koracik Kakabadse N, Kouzmin A, Kakabadse A. Spirituality and leadership praxis. *Journal of Managerial Psychology*. 2002;17:165–182.
- [13] Parrish-Harra CE. *The new dictionary of spiritual thought*. Atlanta, USA: Sparrow Hawk Press; 2002.
- [14] Verter B. Spiritual capital: Theorising religion with Bourdieu against Bourdieu. *Sociological Theory*. 2003;21:150–174.
- [15] Ismail MB. *The influence of intellectual capital on the performance of Telekom Malaysia [PhD Thesis]*. Malaysia: Universiti Teknologi Malaysia; 2005.
- [16] Beekun RI, Badawi JA. Balancing ethical responsibility among multiple organisational stakeholders: The Islamic perspective. *Journal of Business Ethics*. 2005;60:131–145.
- [17] Ruben R, Heras J. Social capital, governance and performance of Ethiopian coffee cooperatives. *Annals of Public and Cooperative Economics*, 2012;83:463–484.
- [18] Hanisch M, Rommel J, Müller M. The cooperative yardstick revisited: panel evidence from the European dairy sectors. *Journal of Agricultural & Food Industrial Organization*. 2013;11:151–162.
- [19] Hernández-Espallardo M, Arcas-Lario N, Marcos-Matás G. Farmers' satisfaction and intention to continue membership in agricultural marketing co-operatives: neoclassical versus transaction cost considerations. *European Review of Agricultural Economics*. 2013;40:239–260.

- [20] Figueiredo V, Franco M. Wine cooperatives as a form of social entrepreneurship: Empirical evidence about their impact on society. *Land Use Policy*. 2018;79:812–821.
- [21] Kaplan, R. S. (2009). Conceptual foundations of the balanced scorecard. *Handbooks of management accounting research*, 3, 1253-1269.
- [22] Reed KK. The dynamics of intellectual capital. Connecticut, USA: University of Connecticut; 2000.
- [23] Daud S, Yusoff WFW. The influence of soft and hard TQM factors on knowledge management: Perspective from Malaysia. *International Conference on Management and Service Science [Internet]*; 2011 May (Vol. 8, pp. 17–22). Singapore: IACSIT Press; 2011.
- [24] Seleim A, Ashour A, Bontis N. Intellectual capital in Egyptian software firms. *The Learning Organization*. 2004;11:332–346.
- [25] Ali AJ, Al-Owaidan A. Islamic work ethic: A critical review. *Cross Cultural Management: An International Journal*. 2008;15:5–19.
- [26] Amrizah K, Rashidah AR. Intellectual capital profiles: Empirical evidence of Malaysian companies Kamaluddin & Rahman. *International Review of Business Research Papers*. 2013;9:83–101.
- [27] Ismail S, Maasum TNRTM. The effects of cooperative learning in enhancing writing performance. *SOLLS INTEC 09 International Conference [Internet]*; 2009. Putrajaya, Malaysia: University Kebangsaan; 2009.
- [28] Nwankwo F, Ewuim N, Asoya NP. Role of cooperatives in small and medium scale enterprises (SMEs) development in Nigeria: Challenges and the way forward. *African Research Review*. 2012;6:140–156.