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The Effect of Human Resources on Capital of Worker Cooperative

Suyanto Suyanto
STIE IPWI Jakarta, suyanto66@gmail.com

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The Effect of Human Resources on Capital of Worker Cooperative

Suyanto*

STIE IPWI Jakarta

There are several business problems which hampers sustainability of worker cooperatives in Indonesia. They have inadequate capital to support businesses run by cooperatives and the government provides insufficient support for the worker cooperatives. The problem under study is how human resources management affected the capital of worker cooperatives. The study used explanatory approach by employing a census to collect data from 11 existing worker cooperatives in the loading and unloading services in port cities across Java. The data collected was then analyzed with the Path Analysis. Research findings indicate that human resources practices of members, administrators, and managers were significant in affecting the capital of cooperatives simultaneously. However, when analyzed partially, influence of each variable was mixed. Partially, the human resource practices of members does not have a significant effect, while the administrators do have positive effect and the managers have negative effect. The administrator is considered the most important determinant of capital in cooperatives. Thus, it is recommended that worker cooperatives should pay attention to provide member educational and professional trainings and improve administrator quality in raising and making use of capital more efficiently. For further research, it is suggested to study the impact of human capital on other types of cooperatives.

Keywords: Human resources, capital, worker cooperative, Indonesia.

Introduction

The Asian economic crisis in 1998 had caused high unemployment rate in Indonesia. This condition calls for worker cooperatives which can provide their member with jobs, but none has developed properly. As a consequence, worker cooperatives have not been able to make a significant contribution in resolving the problem. This is true especially for worker cooperatives in the loading and unloading services, which was founded by loading and unloading labors in every Indonesian port. The cooperatives face severe capital constraints due to the weakening of loading and unloading activities and increasing demand for the utilization of mechanical loading and unloading equipment.

The low member participation and relatively poor capability of administrator in increasing necessary capital to improve the effectiveness of such capital on worker cooperatives in the loading and unloading services have implications on the underdevelopment of the cooperative business. The role of worker cooperatives in overcoming the problem is still a big question. In addition, investigating potential methods to improve worker cooperatives through the empowerment of their member, administrator and human resources manager is also necessary.

Therefore, this paper investigates the links between members, administrators and human resources managers of worker cooperatives in the loading and unloading services. This pa-

* Email: suyanto66@ymail.com

per aims to answer the question of how do co-operative members, administrators, and human resource managers' influences capital of worker cooperatives in the loading and unloading services, both simultaneously and partially.

Literature Review

Cooperative, according to Eschenburg (1994), is the process of collective action of two or more economic actors deliberately restricted in order to achieve the same goal. In the International Cooperative Alliance's Statement on the Cooperative Identity (ICA, 1995), a cooperative is defined as: "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through jointly owned and democratically controlled enterprise". As according to O'Sullivan and Sheffrin (2003), a cooperative is: "a business organization owned and operated by a group of individuals for their mutual benefit".

Worker Cooperative defined by Harper (2001) as a cooperative is set up to provide jobs, not services, to members. Members of a service cooperative own the cooperative and buy from or sell to it, while members of a worker cooperative own it and also work for it. Soedjono (2003) stated that a worker cooperative is a type of cooperative in which the members are owners, employees and supervisors/controllers of cooperative. This cooperative is managed in a democratic way: "one member, one vote".

In a worker cooperative, the administrator and manager are elected by every worker-owner in which they are considered and treated as workers of the firm. In traditional form of worker cooperative, all shares are held by the workforce with no outside or consumer owners, and each member has one voting share. In practice, control by worker owners may be exercised through individual, collective, or majority ownership by the workforce, or the use of individual, collective or majority voting rights, which exercised on a one-member one-vote basis (Ridley-Duff, 2009).

As stated in the World Declaration on Worker Cooperatives approved by the International

Co-operative Alliance, the basic characteristics of the worker cooperative shall be as follows (ICA, 2005):

- 1) They have the objective of creating and maintaining sustainable jobs, generating wealth, allowing workers' democratic self-management, and promoting community and local development.
- 2) Free and voluntary membership.
- 3) Work shall be carried out by the member.
- 4) The worker-member' relation with their co-operative shall be considered as different to that of conventional wage-based labour and to that of autonomous individual work.
- 5) Internal regulation is formally defined by regimes that are democratically agreed upon and accepted by the worker-member.
- 6) Autonomous and independent, before the State and third parties, in their labour relations and management, and in the usage and management of the means of production

Referring to Fanning and O'Mahony (Kennedy, 2003), ideally a worker cooperative is built from a collection of workers who saw a better opportunity for them if they are organized in a cooperative. They can set goals together, organize and implement the various decisions made to achieve the goal. Achievements of these goals require the compactness of all components of the cooperative. In the worker cooperative, as a cooperative that provides jobs for its member (Harper, 2001), the integration of the role of administrators, managers (professional), and members is a potential resource of great importance in strengthening the social-economic structure of the cooperative, both for short-term goal that meets the needs of member and long-term goal for sustainable services (Laakkonen, 1986). In the worker cooperative, the administrator function is as the board or leader of cooperative in charge to set up and maintain coordinative relationship among members (Harper, 2001). Meanwhile, the manager function is as the manager of cooperative business unit in charge to organize production and sales effectively (ILO, 2001). Thus, by function, a business unit manager of the cooperative is under the administrator control.

The quality of cooperative human resources is determined by the ability and willingness of member to be disciplined in obeying the rules/joint decisions and in his/her work and to participate actively in carrying out cooperative obligations and activities. Meanwhile, the quality of administrator and manager human resources is determined by capabilities of carrying out their respective functions and willingness to carry out the duties which become their responsibility, as mandated by the member. Referring to Harper (2001), a successful worker cooperative relating to member, administrator and manager human resources is determined by each of these factors: 1) member' initiative, no "feather-bedding", 2) effective leadership, and 3) business-like management.

The high or low contribution from member, administrator and manager depends on the willingness and capability of all three in the help itself (self-help) collectively. In this regard, Kuhn (1990) explains that:

A person who helps himself can in many cases also contribute more to the public welfare, contrary to a person who is not interested in self-help or who is more or less unable to help himself because of limited capabilities and/or unfavourable environmental condition.

Kuhn's opinion is intended that a person, who is motivated and able to help themselves (self-help), can contribute more to the achievement of common goals. Kuhn also stated that: Various forms of potential human capabilities can be developed by self-help, especially if incentives, opportunities, and sometimes even compulsion for self-help or self-determined activities are given. As a self-help organization, establishment and development of worker cooperative relies upon the initiative of member and the active role of member, administrator and manager to collectively help each other. Furthermore, Kuhn (1990) explains:

Higher efficiency of collectively executed operational functions can also increase the security of existence of participating member. In the same way, mutual self-help can also be considered as a contribution to an overall social and economic development because it mobilized the human and natural resources of a so-

ciety, which would be less utilized if only operated individually.

Success of the worker cooperative is also not independent of government involvement in terms of facilitating cooperative efforts, providing convenience for access business and availability of cooperative capital through subsidized credit and cooperative development indirectly. In addition, a worker cooperative is also influenced by the business environment, especially from the business world in the form of business competition. Business accessibility that can be provided by government is one aspect of determinants that can enhance the absorption of jobs, attract people outside the cooperatives to become member of cooperatives, as well as increase employment from the business/private sector. The high business accessibility at a worker cooperative encourages cooperatives to concentrate more on the accumulation of capital required in running business activity in the form of investment and operating reserves.

Capital of worker cooperatives can be tangible, comprising equity and other sources of capital such as loans. In accordance with Law No. 25 of 1992 concerning Cooperatives, their own capital is in the form of principal savings, mandatory savings, and voluntary savings from members and donations/grants both from members and non-members and reserve funds. Cooperative capital is affected by the activity of all human resources; among members, administrator, and manager of cooperatives. Muenkner (1997) states that the greater participation of contributory member, the higher the capital development of cooperatives, especially from the aspect of the development of their own capital.

With regard to the influence of human resources on the cooperative, better members have the potential to generate greater capital if the capital needs from the members are appropriate and there is no capital leakage in the collection process by the administrator. Similarly, on the administrator and manager, it is also fine as long as not leading to agency cost due to inefficiency in the execution of duty by the administrator or management inefficiency by manager and the high demand for incentives by both. The result of study conducted by

Bhattacharya and Wright (2003) explains that high quality human resources will determine the increase in capital that allows the change of cooperative performance better. This concept is called human resources-based theory. The three elements of cooperative human resources referred to above are in line with a study conducted by Prakash (2005) that the existence of professional management largely determines the progress of the cooperative.

Cooperative capital plays an important role in supporting the operational activities of worker cooperative. As referring to the ILO (2001), cooperative capital to start and run a business is one of the main factors that ensure the existence of worker cooperative. Worker cooperative is reminded to make sure to always have a realistic cash budget and can accumulate enough capital to start and run business. Through the cooperative capital improvement, the scale and size of the cooperative business can be enhanced and thus able to be directed to improve the performance of cooperative business, both financial and non-financial, as well as the increasing availability of employment for members, whether through increasing in employment at their principal business units and other business units and decreasing in the level of employment termination. Kennedy (1983) states that the healthier cooperative capital, the better level of cooperatives performance in terms of the perspective of the ability of cooperatives to survive, growth, and development business unit, efficiency, democratization, and greater windfall profits. Capital can play a role in improving the performance of cooperative business when the use of capital is well directed and efficient. In line with the results of the study, Dendi et al. (2004) explain that the cooperative capital assistance through the PERPADI (*Indonesian Rice Millers and Rice Traders Association*) program, the credit channel for farmers can increase the performance of cooperatives. In order to prevent the program from failing, it is necessary for the cooperative to anticipate through the structuring approach for the following aspects: institutional structure, professionalism, and the internal problems of cooperatives.

By considering the afore-mentioned description, it can be explained that the worker cooperative internally relies heavily on four aspects, namely the power of human resources, in this case the member, administrator, and manager, then aspect of capital that can be compiled by the member, administrator, and manager in their respective roles in the cooperative. Capital accumulation is required as investment capital and working capital to support the business activities of cooperative. Larger capital will help improve business performance that is necessary for the improvement of cooperative members' welfare. The effect model, in which the study analysis relates to factors affecting worker cooperative capital, is described in Figure 1.

Research Method

Research Design

Based on the purpose, this research is explanatory research that aims to explain the causal relationship (effect) and test the hypothesis. The tested causal relationship is the effect of member, administrator and manager human resources on worker cooperative capital, in which inter human resources have correlative relationship. The research model is derived from the human resources-based theory (Wright, 2003) about the quality of human resources as a determinant of cooperative capital, the theory of Laakkonen (1986) about the importance of the integration of roles between the member, administrator, and manager in strengthening cooperative socio-economic structure (i.e. the availability of cooperative capital), and the theory of Harper (2001) about the quality of member, administrator, and manager as a success factor of worker cooperative. The analysis of the model is done quantitatively by statistics.

Research Population

The target population is all of the worker cooperatives in the loading and unloading services in Java. They are 11 worker cooperatives scattered in various ports, namely: Banten, Sunda Kelapa, Tanjung Priok, Cirebon, Tanjung Intan

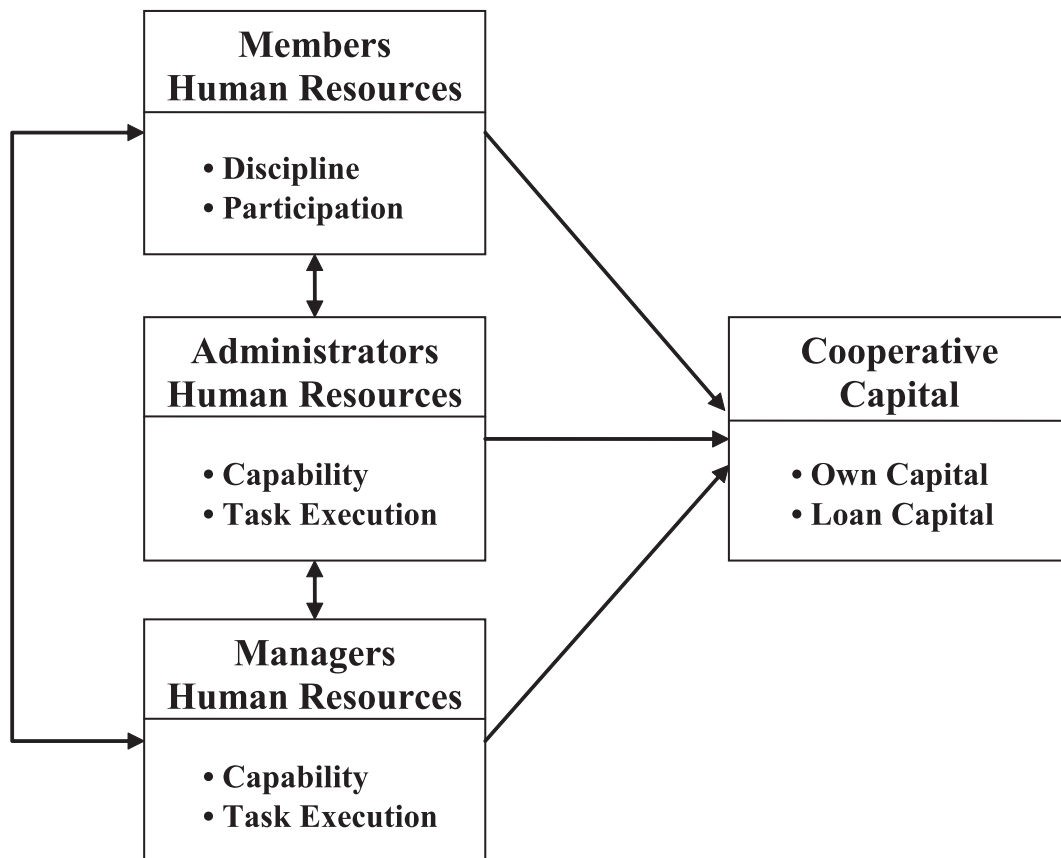


Figure 1. Effect Model of Study Analysis

Cilacap, Tanjung Emas Semarang, Gresik, Tanjung Perak Surabaya, Probolinggo, Kalbut Situbondo, and Tanjung Wangi Banyuwangi. The entire analysis unit is investigated as a census research.

In the variable measurement of member, administrator and manager human resources, respondents include members of worker cooperatives; some 30 people for each cooperative, which are taken randomly. Responses of the members are assumed homogeneous and normally distributed. Corresponding to the central limit theorem, normality is fulfilled on the amount of data of at least 30 (Singarimbun and Effendi, 1995). Equal allocation is intended to avoid too small size of respondents (Indriantoro and Supomo, 2002), as a result of the high difference between the number of members among worker cooperatives.

Research Variables

With regard to the structure of causal relationship between variables, there are two types

of research variables studied, namely: Member Human Resources (X_1), Administrator Human Resources (X_2), and Manager Human Resources (X_3) as the independent variables, and Cooperative Capital (Y) as the dependent variable.

Conceptually, the operationalization of the variables is derived from the Laakkonen (1986) and Harper (2001) theory about the role of member, administrator and manager human resources of the worker cooperative and the Muenkner (1997) theory about cooperative capital. In addition, we also use ILO (2001), Law No. 25 of 1992 concerning the Cooperatives, and the Joint Decision of the General Director of Sea Transportation, General Director of Labour Relations and Employment Norm Monitoring Development, and General Director of Cooperative Institute Development, No: UM.52/1/9-89, KEP.103/BW/1989, 17/SKB/BLK/VI/1989 concerning the Establishment and Development of Worker Cooperatives in the Loading and Unloading Services in the Port.

The Member Human Resources variable is defined as the assessment average from all re-

spondents of the worker cooperative members on their quality, which consists of: 1) discipline (obedience to rules, order of work), and 2) participation (participation in savings, allowance for surplus or windfall profits, member meeting, business activities, other cooperative activities, togetherness, bearing the loss). The Administrator Human Resources variable is defined as the assessment average from all respondents of the worker cooperative members on the administrator quality in managing the cooperative, which consists of: 1) capability (ethics, insight, knowledge, cooperative skill, professionalism, responsibility, honesty and openness, leadership), and 2) performance of the task execution (raising capital, overseeing business management, administration and book-keeping, convening a meeting of members, preparing financial and accountability reports, work plans and budgets, working with supervisors, conducting rules and decision socialization, maintaining togetherness, being discipline on rules). The Manager Human Resources variable is defined as the assessment average from all respondents of the worker cooperative members on the manager quality in managing cooperative business unit, which consists of: 1) capability as the Administrator Human Resources, and 2) performance of the task execution (describing work plans and budgets, leading business, coordinating employees, supervising and evaluating business, administration and reporting, establishing partnerships and developing new business unit).

The Cooperative Capital variable is defined as the total capital of cooperatives, which consists of: 1) own capital or equity (principal-mandatory-voluntary savings, donations, reserves fund), and 2) loan capital (loan capital from members, other cooperatives, Cooperative Institute Development, issuance of bonds, other sources) in units of rupiahs. The Member, Administrator, and Manager Human Resources variables are the primary data in ordinal measurement scale measured through a questionnaire using the semantic differential scale. While the Capital Cooperative variable is the secondary data in the ratio measurement scale measured through a documentation study based

on the financial statement. The average value, both in the measurement of the Member, Administrator, and Manager Human Resources variables, is calculated in the interval scale after its scale-up process.

Technique of Analysis

Analytical technique used to test the hypotheses is path analysis. Path analysis is a structural model that aims to unravel effect among variables. Referring to Wirasmita (2004), this technique analysis is chosen because of its superiority in analyzing the contribution of effect, both direct and indirect effect, as well as the comparison in determining the dominant variable. Path analysis procedures refer to Li (1981) and Sitepu (1994), while the analysis of the assumptions underlying the prerequisite of using path analysis refers to Koutsoyiannis (1978). As a parametric statistics, path analysis requires at least interval scale data. The scale-up process from ordinal to interval data is done using Method of Successive Intervals.

With the consideration that this study is a census research, then the hypothesis testing is not done through statistical hypothesis, significance level, as well as F and t test statistics (Sugiyono, 2005). The hypothesis is tested by conducting a descriptive analysis of the determination coefficient that indicates the extent of effect simultaneously from all cause variables, the path coefficients of each cause variable that show the strength of effect partially, the path coefficient of other factors beyond the studied cause variables, as well as the amount of direct effect and indirect effect of each variable.

Data processing for the entire analysis is done with the help of computer programs: SPSS (Statistical Product & Service Solutions) for Windows Release 17.0. The research hypothesis about the simultaneous effect is accepted if the value of multiple correlation coefficient > 0.20 or at least there is one path coefficient with absolute value > 0.20 (upper limit of interval class at the effect category is very weak or almost negligible (Guilford, 1956; and Sugiyono, 2005), while the research hypothesis about the partial effect is accepted if the path coefficient

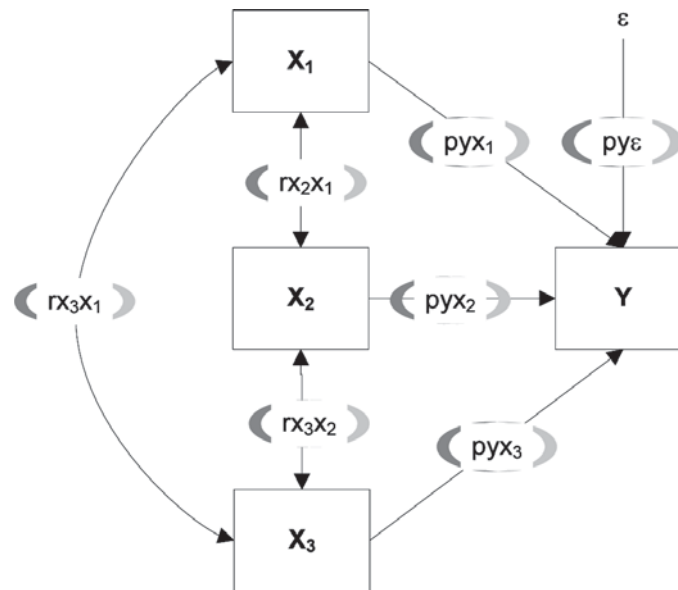


Figure 2. Path Analysis Paradigm of Research Variables

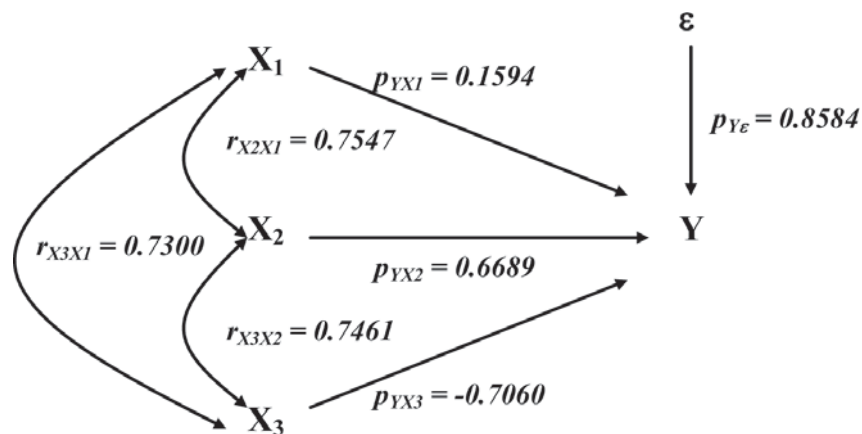


Figure 3. Path Diagram of Analysis Structure

has absolute value > 0.20. The structure analysis of the hypotheses illustrated by diagram is shown in figure 2.

The structural equation for the structure in figure 2 is:

$$Y = p_{yx1}X_1 + p_{yx2}X_2 + p_{yx3}X_3 + \varepsilon \quad (1)$$

Result and Discussion

Result of Hypotheses Testing

The result of hypotheses testing is based on analysis of the data items that has been proven valid and reliable. The result of path analysis for the effect structure tested briefly can be seen in figure 3.

The structural equation showing the causative relationship between variables of the diagram above is as follows:

$$Y = p_{YX1} * X_1 + p_{YX2} * X_2 + p_{YX3} * X_3 + e, R^2 \quad (2)$$

$$Y = 0.1594 * X_1 + 0.6689 * X_2 - 0.7060 * X_3 + e, R^2 = 0.2632 \quad (3)$$

Description:

p = path coefficient that shows the strength of effect

e = residual/error

R^2 = determination coefficient that indicates the extent of effect from all cause variables

The correlation between Member Human Resources (X_1), Administrator Human Re-

Table 1. Distribution of Effect Contribution

	Direct Effect						Subtotal		Total Effect			
			X ₁		X ₂		X ₃					
X ₁	2.54%	+			8.05%	+	8.22%	-	0.17%	-	2.37%	+
X ₂	44.74%	+	8.05%	+			35.24%	-	27.19%	-	17.55%	+
X ₃	49.85%	-	8.22%	+	35.24%	+			43.45%	+	6.40%	-
Direct and Indirect Effect = Coefficient of Determination = R ²										26.32%		
Other Factor Effect										73.68%		
Total										100.00%		

Table 2. Test Results of Contribution Effect Partially

Partial Effect	P _{YXi}	Category	Decision	P ² _{YXi}
Member Human Resources (X ₁)	0.1594	Very weak	Rejected	2.54%
Administrator Human Resources (X ₂)	0.6689	Moderate	Accepted	44.74%
Manager Human Resources (X ₃)	-0.7060	Strong	Accepted	49.85%

Description: pYXi = path coefficient, p2YXi = magnitude of direct effect

sources (X₂) and Manager Human Resources (X₃) are indicated by the correlation coefficient $r_{X_2X_1} = 0.7547$; $r_{X_3X_1} = 0.7300$; and $r_{X_3X_2} = 0.7461$. Referring to the value of the correlation coefficient that is equal to $|r_{X_2X_1}| = 0.7547$; $|r_{X_3X_1}| = 0.7300$; and $|r_{X_3X_2}| = 0.7461$ indicates that the closeness of the relationship among human resource quality of worker cooperative are high (Guilford, 1956: p.145). Direction of the correlation between the variables is indicated by positive or negative value of correlation coefficient $r_{X_jX_i}$. It appears that the direction of the relationship between the variables is positive, which indicates that the worker cooperative that has member human resources with higher quality generally also has administrator and manager human resources with higher quality. Thus, it can be concluded that Member Human Resources (X₁), Administrator Human Resources (X₂) and Manager Human Resources (X₃) are related or correlated.

The effect magnitude of Member Human Resources (X₁), Administrator Human Resources (X₂), and Manager Human Resources (X₃) on the Cooperative Capital (Y) simultaneously is equal to $R^2 = 0.2632 = 26.32\%$. In other words, the cooperative capital variation can be explained by three cause variables simultaneously amounting to 26.32%. The remaining variation, amounting to $p^2_{Y1} = (0.8584)^2 \times 100\% = 73.68\%$ or $1 - R^2$, which is explained by other factors, is not examined. Direct and indirect effect that parses the total effect of the three fac-

tors under study on the tourism industry can be seen more in table 1.

Referring to the multiple correlation coefficient (the root of R²), $R = 0.5130$ indicates that the effect of three cause variables simultaneously is classified as moderate or strong enough (Guilford, 1956: p.145). Thus, the first research hypothesis regarding the presence of the effect of Member Human Resources (X₁), Administrator Human Resources (X₂) and Manager Human Resources (X₃) on the Cooperative Capital (Y), simultaneously, is accepted.

The effect of Member Human Resources (X₁) partially on the Cooperative Capital (Y) is indicated by path coefficients $p_{YX_1} = 0.1594$ with the direct effect amounting to $p^2_{YX_1} = (0.1594)^2 \times 100\% = 2.54\%$. The value of the path coefficients $|p_{YX_1}| = 0.1594$ indicates that the effect of Member Human Resources (X₁) is partially classified as very weak (Guilford, 1956). The value of path coefficients $|p_{YX_1}|$ is less than 0.20. Thus, the second hypothesis i.e. the first sub hypothesis regarding the presence of the effect of Member Human Resources (X₁) on the Cooperative Capital (Y), partially, is rejected. To sum up, as it refers to the form of the aforementioned description, the effect of Member Human Resources (X₁), Administrator Human Resources (X₂) and Manager Human Resources (X₃) partially on the Cooperative Capital (Y) is presented in the table 2.

Table 2 shows that partially, Administrator Human Resources (X₂) and Manager Human

Resources (X_3) affect the Cooperative Capital (Y). Referring to the path coefficients of each variable that is equal to $|p_{YX_i}|$, it appears that Administrator Human Resources (X_2) and Manager Human Resources (X_3) are worth more than 0.20, indicating that the effect of these independent variables partially are classified into the very weak category as the category limit for hypothesis rejection (Guilford, 1956). Thus, on the second hypothesis only the first sub hypothesis is rejected whereas the second hypothesis and third sub hypothesis are accepted.

The presence of the effect of influence of Member Human Resources (X_1), Administrator Human Resources (X_2) and Manager Human Resources (X_3) simultaneously on Cooperative Capital (Y) shows that the high-low quality of Member, Administrator, and Manager Human Resources (as the worker corporate principal in the loading and unloading services in Java) could explain the high-low Cooperative Capital. However, partially, the contribution is more explained by the Administrator Human Resources (X_2) and Manager Human Resources (X_3).

The effect direction of Administrator Human Resources (X_2) and Manager Human Resources (X_3) partially on Cooperative Capital (Y) is indicated by a positive or negative value of path coefficient p_{YX_i} . It appears that the effect of Administrator Human Resources (X_2) is positive, which indicates that the worker cooperative with a better quality of administrator human resources tends to be able to generate higher capital. While the effect of human resources manager (X_3) shows a negative direction, which indicates that worker cooperatives with greater cooperative capital tends to have poorly rated human resources manager, relative to worker cooperative with lesser cooperative capital.

Determination of Dominant Variable in the Model

The determination of dominant variable in the model aims to know what variable should be prioritized for quality improvement, as it has a most powerful effect, in order to improve of the quality of the target variable, which tem-

porary is still not optimal. Based on the overall model results and the analysis results as described above, the dominant variable in the model is Administrator Human Resources.

The Administrator Human Resources is the dominant variable compared to Member Human Resources and Manager Human Resources, which constructively affect the Cooperative Capital. The total effect of the Administrator Human Resources, either directly or indirectly, is the highest if compared to Member Human Resources and Manager Human Resources, amounting to 17.55%, while its direct effect is only at 44.74%. Although the direct effect of Manager Human Resources is higher than that of Administrator Human Resources, amounting to 49.85%, the total effect is smaller than that of Administrator Human Resources. Similarly, because the effect direction is negative, the effect of Manager Human Resources, Member Human Resources and Administrator Human Resources on the Cooperative Capital is not constructive.

Interpretation

Based on the research results, this study shows that the effect of interpretation on the cooperative capital in the loading and unloading services in Java has a fairly high level of concordance with the existing fact. This is reflected in the value of multiple determination coefficients on the model, that is equal to $R^2 = 26.32\%$. A fairly high rate of compliance is also commensurate with the value of multiple correlation coefficient $R = 0.5130$. Nevertheless, the result of this modeling still opens some opportunity for further research to include other factors not examined, which theoretically have an effect on the cooperative capital.

As a solution model of cooperative capital raising, which is a source of worker cooperative development fund, it is required to improve the quality of the administrator human resources. The existence of relationships between members, administrators and managers human resources also means that increasing quality of Administrator's human resources might also be accompanied by improvement in quality of

members and managers. Administrator's human resources as a dominant variable indicates that the strengthening of cooperatives capital should be prioritized by improving the quality of administrators.

The analysis results of the effect of member, administrator, and manager human resources on the cooperative capital show a very weak effect of the member human resources and a negative effect direction of the manager human resources. A very weak effect of the member human resources describes the low financial potential of member to generate capital in accordance with the needs of cooperative, although the level of discipline and participation of member is good enough. There is a possibility too that some worker cooperatives run into capital leak in the collecting process from member by the administrator. A negative effect of the manager human resources on the cooperative capital indicates that the worker cooperative with a better manager tends to have lower cooperative capital. This does not mean that a better manager produces lower working capital, but it illustrates that a worker cooperative with a better manager sees relatively a smaller amount of existing capital. This result indicates an imbalance between the generated tasks performance and the agency cost to be borne by the cooperative as an effect of management inefficiencies and the high demand for incentives by the manager.

Remediation efforts are necessary for worker cooperatives in the loading and unloading services in Java for administrator human resources as the dominant determinant of cooperative capital. Those efforts include: to improve the performance of administrator in raising capital, own capital from member and loan capital, and donations from other parties, and improve control over management of cooperative business by the manager.

The interview results between the researcher and the entire administrator of worker cooperative in the loading and unloading service in Java reveal a variety of things, as the following descriptions considered important for the worker cooperatives to be followed up either by the parent cooperative or government. The capital raising activities at 11 (eleven) worker

cooperatives in the loading and unloading services in Java are conducted through: member savings, windfall profits, and loans provided by other parties. Capital accumulation has been less in accordance with the magnitude of the cooperative needs in short, medium, and long term. From the observation, it is found that the worker cooperative with enough capital tends to fail to optimize the utilization of capital, both to improve the business as well as to develop new businesses. Some funds have been less productive in the form of savings and deposits in banks.

Conclusion

The following conclusions can be withdrawn from the afore-mentioned problem formulation, results of research and interpretation. *First*, the members, administrators, and human resource managers have shown relatively strong effect simultaneously on the Capital of the worker cooperative in Java, with the administrators as the dominant variable in raising cooperative capital.

Second, the capital of worker cooperative in the loading and unloading services in Java is influenced partially by the administrators and human resource managers. Very weak effect of the members shows the low financial potential of members to generate capital needed by cooperative. One alternative explanation to this is that a leakage of capital may exist in the process of collection from members. On the other hand, the manager has a negative effect, showing an imbalance between the task performed by the manager and the agency costs borne by the cooperative as an effect of management inefficiencies and the high demand for incentives by the manager. The opposite is shown by the Administrator that has a positive effect.

Referring to the results of research, discussion, and conclusion of the study, the following suggestions can be put forward: *First*, in an effort to increase the cooperatives capital, the worker cooperatives are advised to concentrate on improving the performance of manager in raising equity provided by members as well as loan capital and donations from other parties.

This also includes increased control over the management of cooperative capital.

Second, it is recommended that worker cooperatives should increase the financial potential of members by increasing the number of member to avoid capital leakage in the process of collection through improved control, recruiting manager who are able to work efficiently and are willing to accept incentives that are in line with the ability of cooperatives, as well as optimally and efficiently deploying cooperative capital for business development and expansion of the core business and other businesses.

Third, it is recommended that the government can encourage economic activity, both at macro and micro levels, particularly relating to economic activity through seaports in an effort to increase loading and unloading activities to and from the ship and improve business activities conducted by worker cooperatives, particularly in the loading and unloading services in Java. Similarly, the government is expected to enhance the role and participation in the ad-

ministration of professional trainings for cooperative members. It is also essential for the government to provide more capital for the development of cooperative businesses.

Fourth, it is recommended to extend the study on the impact of cooperative capital, both on business performance and employment. The benefits of the research are expected to serve as an input for the administrator of worker cooperatives, especially for worker cooperatives in the loading and unloading services, in making policy and decisions in an effort to improve cooperative capital. Similarly, they are expected to help the government formulate the policy to support cooperative capital, worker cooperatives in particular, and enhance the role of cooperatives in economic activity and employment. For other researchers, they could be used as study materials for developing further cooperative science related to human factors that affect cooperative business capital especially on worker cooperatives in Indonesia.

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Management Research Center (MRC)

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Department of Management Building 2nd floor.

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West Java, Indonesia 16424

Phone : 021- 7272425 ext 503

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