

Impact of Government Support and Cultural Organization and Performance Strategies against Women's Cooperative in East Java

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Abstract

This study is aimed to examine and analyze affects of the government support, and organizational culture on strategy and performance of women cooperatives in East Java Province. The hypotheses of the study are: government support affects significantly strategy, organizational culture affects significantly strategy, affects significantly strategy, government support affects significantly performance, organizational culture affects significantly performance affects significantly performance, and strategy affects significantly performance of women cooperatives. This study is included in a survey research category where the unit of analysis is women cooperative organization. The population of the study are 78 women cooperative organizations spreading at 14 regencies/ cities in East Java Province. The data were collected using questionnaire and were analyzed using PLS (Partial Least Square) technique. The results show that the government support affects directly and significantly performance affects directly and significantly performance, and organization culture affects indirectly performance through strategy as a mediating variable.

Keywords: Government support, organizational culture, strategy, performance.

1. Introduction

Cooperative performance is an important concern because of the economy for the people's welfare distribution can be built. Cooperative performance overall when measured from the contribution to Gross Domestic Product (GDP) is still low, it is evident that the private-owned enterprises accounted for 80% of GDP, the State Owned Enterprises 15%, and only 5% Cooperative. The low contribution of cooperatives to GDP due to the performance of the cooperative efforts in Indonesia is still low. The low performance of cooperatives is generally caused by many internal and external factors. Internal factors include the following aspects: institutional, financial, and human resources. External factors include aspects: the role and government regulation and general economic conditions.

Micro, small, medium and cooperatives has a major role in mobilizing the economy, including economic growth in East Java, which reached 7%. The number of SMEs in East Java reached 4.2 million units and 28 231 cooperatives in which there are women's cooperatives. In terms of employment, the SME sector and the cooperative role in reducing the unemployment rate. On the other hand the cooperative is the best solution to save the citizens of liberal markets.

According to Buse and Hembelger in Anoraga and Sudantoko (2002) is a cooperative principle economic institutions, even with the inherent social responsibility and mission. Cooperatives are an economic institution in its management still follows the rules of business and management in general in order to compete, has the advantage that thrive and contribute to equity and economic growth at the local, regional and national levels.

Government support through regulations and stages of program development/empowerment defined and implemented will greatly affect the development of cooperatives. Theory Valko in Fathorrozi (2004) explain that the stages of government support is divided into three, namely stage officialisasi is a stage of government support pioneering the establishment of cooperatives according to the size, structure, and management capabilities, deofficialisasi stages of government support directed to release operatives from dependence on technical supervision, management, and direct financial and autonomy where cooperatives are enabled to develop themselves independently as an organization that works in accordance with the cooperative mechanism based on identity and identity.

When making major changes in strategy or enter different phases in the life cycle of the company will bring trouble if they do not accumulate their corporate culture (Deshpande and Parasuraman, 2001). Culture is the root metaphor of organizational studies are important. Miller (1994) conducted a study on the variables of strategy, organizational and business environment in relation to business performance. Miller found that the strategy, structure, and the business environment must be united tightly, otherwise it would not be good business performance. Referring to the opinion of Porter (1996) regarding the competitive advantage can be achieved by offering two generic competitive Strategies to outperform other companies in certain industries, namely: cost leadership and differentiation. Strategy planning is closely linked to the performance as well as the corresponding applicable to small industries, because small companies that formally have a Strategy planning

resulted in above-average performance compared to companies that do not have a Strategic planning.

The existence and development of cooperatives in the governance of women in Indonesia, especially in East Java province is very interesting because the government and the builder of the most cooperatives have demonstrated the development of a good performance.

From the description of the problems mentioned earlier, it is important to conduct further research to analyze and prove empirically the hypothesis that has been determined, so the results will be useful to contribute ideas, both in the scientific development of cooperative management in general and in particular women's cooperatives as well as for government generally, especially East Java Provincial Government in determining the cooperative development policy in the region

2. Literature review

2.1. Cooperative

Soedjono (2003) suggests the definition of a cooperative is: an autonomous association of persons united voluntarily to meet the needs and aspirations of the economic, social, and culture together through a company jointly owned and democratically controlled this cooperative becomes a business entity. Cooperative is a non-governmental organization that runs the company (Munker, 1997). Therefore, managers of cooperatives is not much different from other business entities, which must be managed efficiently in order to give effect to the cooperative members. Because the cooperative has special characteristics that should not be abandoned, then the management of the cooperative is expected to retain the special character.

2.2. Theory of Government Support in the Cooperative

Lazlo explains the theory of government support in the development of cooperatives in Rozi (2002). This theory emphasizes the stages that must be passed in the formation of cooperatives by the government, and the wisdom of anything that could be taken at each of these stages. Rozi divide into three stages, namely government support officialisasi stage, deofficialisasi, and autonomous. At the third stage, government support should be reduced so that cooperatives can grow into autonomous cooperative and oriented members. The stages that must be passed in the cooperative development as follows:

a. Officialisasi stage

Officialisasi stage is basically the government supports the establishment of cooperative planting according to the size, structure, and management capabilities, quite capable of serving the interests of its members efficiently.

b. Stage Deofficialisasi

At this stage, the government support is directed to release the cooperative from its dependence on technical supervision, management, and finance directly from government organizations and organizations controlled by the state.

c. Autonomous Stage

Cooperative able to achieve the level of autonomy, which the cooperatives that were previously sponsored by the government to develop themselves independently as an organization that works in accordance with the cooperative mechanism based on identity and the identity of cooperatives.

2.3. Organizational culture

Robbins (2001) defines organizational culture (organizational culture) as a system of shared meaning held by members that distinguishes the organization with other organizations. Culture can be defined as the interaction of the characteristics that affect the habits of groups of people in their environment. Nimran (1997) states the corporate culture is very important role in supporting the creation of an effective company, more specifically the corporate culture can play a role creates identity, develop personal familiarity with the company and presents guidelines for employee behavior.

2.4. Strategy

According Hunger and Wheelen (2000) that the strategy implementation is the process by which Strategies and policies implemented through the development of programs, budgets and procedures, further Kaplan and Norton (2001) states that the ability to execute strategy is more important than the quality of the strategy itself. Business Strategy, according to Porter (1996) there are three (3) approaches generic strategy to level the business strategy, namely: 1) over-all cost leadership, 2) differentiation, and 3) focus.

2.5. Performance

Mwita (2000) defines performance as the outcome of a job because it provides a strong connection with the Strategic objectives of the company, customer satisfaction and economic contribution to the company. Assessment of organizational performance can also be seen from the company's financial ratios. According

Brigman (1995) profitability is a measure of the success of the company's operations. The company is said to have a competitive advantage if it has a high level of income of the average normal level of profit. This profit level is expressed in several ratios such as Return On Assets (ROA), Return On Equity (ROE) and Return On Sale (ROS).

Growth is one measure that is often used to measure performance. Swamidass and Newell (1987) used a measure of performance is growth. Growth performance is divided into three main aspects, namely the growth in return on assets, growth in sales, growth in return on sales. From the description above all cooperative performance indicators in accordance with the object, then use the indicators according Swamidass and Newell (1987), which uses performance measures is growing. Growth is divided into three main indicators of growth in the Return On Assets (ROA), the growth in sales, growth in return on sales.

3. Methodology

3.1. Sampling

Samples were taken based on the total population eligible population access access to as many as 92 women cooperatives. Based on the criteria for access to populations that have been determined and cooperative attention to the amount of women who are in the 14 District / City elected to the City Mover Cooperative population is relatively small (92) then saturated sampling technique conducted by survey method.

3.2. Variables

1. Government Support (X_1)

Government support is the policy of the government in the development and support of enterprise development programs of cooperative efforts through several laws and regulations as well as various kinds of technical assistance and capital issued by the district / municipal, provincial and central government. The indicators measured were coaching, training, assistance grant and loan assistance.

2. Organizational Culture (X_2)

Women's cooperative organizational culture are values and customs that are shared meaning system agreed in the cooperative organization of women and serve as guidelines in the cooperative behavior of the entire human resources in performing its duties. Organizational culture of life in women's cooperatives will be measured in the view of the board to seven indicators of organizational culture developed by Robbins (2003) is taking risks, attention to the details of the task, results orientation, individual orientation, team orientation, aggressiveness, and stability.

3. Strategy (Y_1)

The strategy is a way koperasimencapai goal which is an action that is integrated measured based on the knowledge of the respondents on indicators of cost leadership and differentiation strategy as follows strategy cost leadership and Differentiation.

4. Cooperative Performance (Y_2)

Performance is an achievement in terms of quantity and quality produced measurable cooperatives. Performance measures used in this study used the classification of the growth is divided into three main indicators, namely Return On Assets, Asset Turn Over and profitability.

3.3. Analysis

The whole indicator variables are measured by using a Likert scale (1= very low, 2 = Low, 3 = Moderate, 4 = High, and 5 = very high). Data collection procedures were collected by survey method, the data used in this research is the primary data that the data obtained directly through interviews, face-to-face with this research data analysis techniques using analytical techniques Partial Least Square (PLS) with software version SmartPLS 2.0.M3

4. Results and discussion

4.1. Results

4.1.1. Test Validity and Reliability

Results validity and reliability of research instruments for each variable are shown in Table 1.

Table 1. Results of Discriminant Validity Testing

Variable	Average variance extracted (AVE)	Description
Government Support	0.890	Valid
Organizational Culture	0.651	Valid
Strategy	0.689	Valid
Performance	0.821	Valid

Table 1 shows that all value AVE (Average Variance Extracted) is greater than 0.5, so that the instrument can be said to fulfill the criteria of discriminant validity. While convergent validity, we can see where all the indicators of each variable are significant (all have $p < 0.0001$), so that the research instrument also meets the convergent validity. This proves that the research instrument with all the variables tested the accuracy or validity so that it can be used for this research. Composite Reliability test results are presented in Table 2.

Table 2. Results of reliability Test Instrument

Variable	Construct Reliability	Description
Government Support	0.970	Reliabel
Organizational Culture	0.928	Reliabel
Strategy	0.813	Reliabel
Performance	0.932	Reliabel

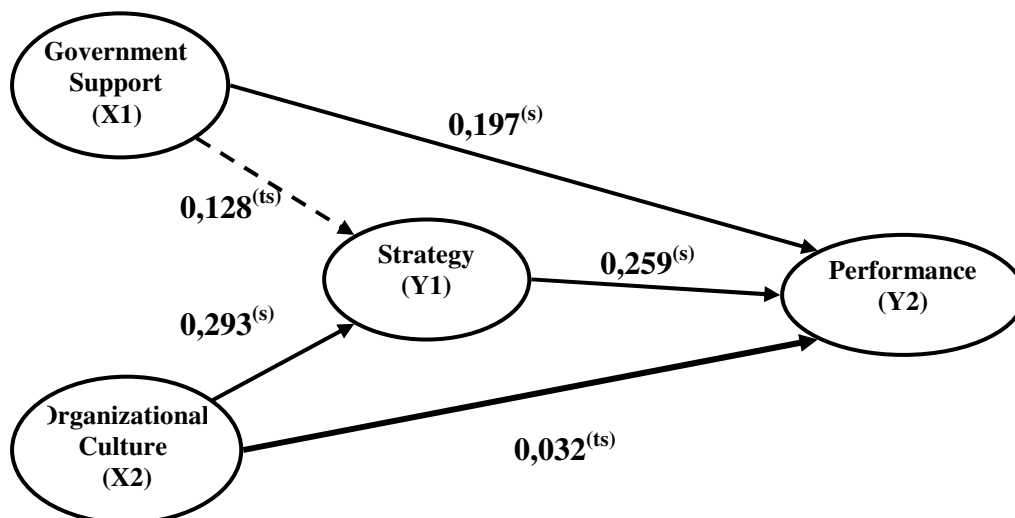
Table 2 shows that the research instrument for all variables is reliable, because it has a value of construct reliability > 0.7 . This proves that the research instrument with all the variables have been tested for use in this study.

4.1.2. Hypothesis Testing Results

The hypothesis was tested by t-test for each partial path. Results of testing the hypothesis by using PLS analysis are shown in Table 3 and Figure 1.

Table 3. Hypothesis Testing Results

The relationship between variables	Coefficient	p-value	Description
Government Support to Strategy	0.128	0.263	Not Significant
Organizational culture to Strategy	0.293	0.0004	Significant
Organizational culture to Performance	0.032	0.708	Not Significant
Government Support to Performance	0.197	0.024	Significant
Strategy to Performance	0.259	0.008	Significant



Description: s = significant, ts = not significant

Figure 1. Diagram Line

Based on statistical hypothesis testing results in Table 3 and Figure 1, the results of the analysis of the path coefficient between the Government Support to the strategy obtained path coefficient of 0.128 with $p = 0.263$, so the effect is not significant. May mean that government support perceived by managers and cooperative management of women did not affect the determination of strategy, it is thus hypothesis 1 is not accepted. Results of path coefficient between organizational culture with strategies of 0.293 with $p = 0.0004$, so it is said to be significant. Path coefficient is positive, it can be interpreted that the stronger the organizational culture perceived by managers and administrators cooperative women, the Strategy are set to be more precise.

Thus the second hypothesis is accepted.

Results of the analysis of the path coefficient between organizational culture with a performance of 0.032 with $p = 0.708$, so the effect is not significant it can be interpreted that the organizational culture but not significant effect on the performance of cooperative women, it is thus hypothesis 4 is not accepted. Results of the analysis of the path coefficient between the government support to the performance of 0.197 with $p = 0.024$, so a significant say it can be interpreted that the perceived beneficial government support cooperative female administrators and managers, then the performance of cooperative women increasingly high, so the hypothesis 5 is accepted. Results of the analysis of the path coefficient between the strategy with a performance of 0.259 with $p = 0.008$, so it is said to be significant, it is thus accepted hypothesis 7 and can be interpreted that the more precise strategy set by administrators and managers performance cooperative women it is higher.

4.2. Discussion

4.2.1. Correlation government support with strategy

The research proves that the variable government support not significant effect on strategy and this is because cooperatives woman found government support through coaching, training, grants and credit aid can not be expected continuity, orientation programs are not consistent, the program sometimes does not correspond to the needs and advancement of the cooperative, so that Government support can not be a source or reference for the formulation of a strategy.

This study does not support the theory Lazlo explaining government support in the development of cooperatives in Rozi (2002), then the results declared government policies and programs are channeled through companies cooperatives, usually planned to draw up a Strategy to improve directly the economy each member and thus contribute to the achievement of the objectives of economic and social development of the government.

4.2.2. Correlation organizational culture with strategy

Organizational culture influence the strategy, it means that the organizational culture and positively influence the direction of the strategy. This study supports the idea Wheelen and Hunger (2004) states that the decision maker in choosing alternative strategy should consider compliance with the corporate culture. A decision that resulted strategy without a commitment to change the corporate culture would be dangerous for their survival, and therefore suitability strategy and cultures must be maintained so that the company can achieve success on the basis of the uniqueness of the values espoused. Women's cooperatives as a business entity must have a unique culture and strong so that the preparation of an appropriate strategy must be adapted to the culture at hand, this is in accordance with the opinion of Wheelen and Hunger (2004) in a study stating that the decision maker in choosing an alternative strategy should consider compliance with the corporate culture.

4.2.3. Correlation government support with performance

Steiner (2000) states that the government has an important role in business activities in the country, in an effort to improve the managerial capabilities of the company, the company's ability and performance of the business. Cooperative as part of a business entity or also known as a cooperative company must be able to compete with other economic actors modern and professional. Competition between economic operators will not be able to run a balanced and healthy so the government needs to intervene and support as well as to the women's cooperatives. The existence of a market failure caused the government must take to run the economy (Mangkusubroto, 2001).

These studies suggest that there is significant influence cooperative performance with government support. The cooperative as a business entity in the scale of business partly can be categorized with small business menengah other so the results of this study support the research Pujosumarto (1999) which states that the performance businesses small entrepreneurs who have obtained government support is relatively better than the small businesses that have not received government support.

4.2.4. Correlation organizational culture with performance

These results indicate that organizational culture affects not significant for performance with value path coefficient as low as 0.032, it means that organizational culture is directly does not affect the performance, this was due to women's cooperatives in which the management of the cooperative are all women, and membership is also entirely of women in general do not have strong and distinctive culture that can directly improve the performance, but should be studied, formulated to be used as guidelines to formulate a strategy that will ultimately affect the performance of cooperatives.

This study does not support the research Cahtman and Bersade (1997) which stated organizational culture will support the performance of business organizations because it creates a level of extraordinary within the employees and helped Performance organization because it provides structure and control required without having to rely on the bureaucracy of formal and which can suppress the growth of motivation and innovation.

4.2.5. Correlation strategy with performance

According to Stoner and Freeman (1992) concept of strategy can be defined based on two different perspectives, namely: 1) from the perspective of what an organization wants to do (intends to do), and 2) from the perspective of what the organization ultimately do (Eventually does). Referring to the first perspective, meaningful strategy

as a program to determine the performance achievements of the organization. The meaning of the Strategy that is typical in a cooperative is that the management and members of cooperatives play an active role, conscious and rational in formulating cooperative strategy.

This study shows that the strategy as an intervening variable for variable government support, organizational culture and member participation is not entirely an impact on performance. Organizational culture and participation of members shown to affect performance through performance while government support does not affect the performance if through strategy. This study supports the research conducted Suaedi (2004) which proves that the variable integrative strategy significant effect on performance of the organization with the object of his research three star hotel in East Java.

5. Conclusion

Based on the analysis of the study and the previous discussion, it can be concluded that the government support directly affect the performance of the cooperative of women but government support no significant effect on strategy, organizational culture affects significant directly to the performance of women's cooperatives in East Java through the strategy, but no significant impact on strategy .

Suggestions in this study is a cooperative of women should build a strong organizational culture and distinctive to guide the Strategy options to improve the performance of cooperatives. Differentiation strategy choice should be a priority in preparing sStrategy for improved performance. Advice to the government that the government will be able to provide training, technical assistance, capital assistance to cooperatives should be based on the needs of cooperatives and measurable achievements as well as in the evaluation on a regular basis. Suggestions for further research is that it can be done on women's cooperatives that exist throughout East Java Province especially women's cooperatives that stand on the initiation of the Governor of East Java by using funds from the budget through the launching of a village the women's cooperatives throughout Porvinsi East Java, which will amount to 8506 women's cooperatives, it this is important to obtain another model by adding another variable for example the role of banking and self efficacy.

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