

ICMC 2023**The 3rd International Conference on Management and Communication****ORGANISATIONAL LEARNING AND FIRM PERFORMANCE OF
CREDIT CO-OPERATIVE IN MALAYSIA**

Norshafizah Binti Hanafi (a)*, Abd Aziz Bin Mohamad Yunus (b)

*Corresponding author

(a) UUM Kuala Lumpur Campus, Kuala Lumpur, Malaysia, norshafizah@uum.edu.my

(b) UUM Kuala Lumpur Campus, Kuala Lumpur, Malaysia, ziz.angkasa@gmail.com

Abstract

This paper examines the relationship between organisational learning and business performance relate in a Malaysian credit cooperative. According to a study of the research of organizational learning, which is organisational culture, leadership, and empowerment. A proposed conceptual model has three constructs in addition to organisational learning outcomes and organisational performance. Four hypotheses proposing relationship between the three variables were look at in order to constructs in the research model. A survey of the directors and managers of credit cooperatives is the research method used to obtain primary data. a survey intended to gauge their perceptions of organisational learning practises, organisational antecedents, and organisational learning outcomes. Upon completion of the questionnaires, researcher plan to disseminate the questionnaire online to more than 500 board members and managers of credit cooperatives in Malaysia after it has undergone pretesting. Researcher anticipate receiving 250 complete surveys back with a response rate of 50%. To develop concise, validity, and reliability to measure organisational learning and its variables, namely organisational culture, leadership, and empowerment, as well as organisational learning performance, data were analysed using the statistical package software (SPSS) version 22.0. The study's conclusion were include a discussion of the results' ramifications. There are recommendations for academics, managers, cooperative authorities, board members, and organisational researchers.

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1. Introduction

A group of individuals who cooperate to manage a jointly owned and democratically run business (enterprise) in order to accomplish their common economic, social, and/or cultural aims and objectives is known as a cooperative. Members of the cooperative are those who use its products, resources, and/or services. Although member services are typically given more priority in cooperatives than investments, earnings are frequently returned to the cooperative's members. Cooperatives can be founded for a variety of reasons or to solve a range of requirements, such as shared labour control, cost sharing, shared labour control, purchasing power (bulk purchases), sharing of workers and wages, and others. Following the success of the movement in Cyprus, Sir Arthur Young, the British Secretary for the Straits Settlements, had the idea to establish co-operatives in Malaysia (then known as Malaya) in 1907. The local community initially had a less than favourable reaction to the cooperative movement since it was thought to contain aspects that were regarded as questionable.

The development of a co-operative will provide shareholders with the opportunity to expand their wealth in their community, particularly for those with low or moderate-income. Aside from that, co-operatives have the potential to reduce financial burdens, particularly among government employees (Smart Mhembwe & Ernest Dube, 2017, p. 231).

In a Credit Co-operative setting in Malaysia, a developing nation, this study looked into the level of organisational learning practises that are now in place. We'll look into the metrics for measuring organisational learning and its precursors. Organisational culture, leadership, and empowerment are the three key antecedents of organisational learning, according to a review of the research. A proposed conceptual model includes three constructs together with organisational learning outcomes and performance.

1.1. Literature review

This study was to investigate four components of organisational learning in order to fill knowledge gaps and to begin with, despite the fact that organisational learning research has grown, there is no unanimity on what it is or what dimensions are included in it (Argote, 2011; Jyothibabu et al., 2011).

1.1.1. Credit co-operatives

Credit co-operatives are co-operatives that operate credit businesses and are legally register under the Malaysian Co-operative Societies Commission (MCSC). The primary duty of a credit cooperative is to grant loans or other forms of credit to its members in accordance with the co-operatives' bylaws. According to reports from 2019, Malaysia had 578 credit cooperatives with 1.2 million members, RM 6.5 billion in capital, and RM 15.6 billion in total assets. Based on the size of the co-operative, the credit cooperatives were divided into four clusters: huge (16), medium (79), small (218), and micro (337). The credit cooperatives were the second-largest contribution to the study's overall revenue after cooperative banks.

1.1.2. Organizational learning

Organizational Learning is "deserves scientific inquiry." As a result, in order to contribute to a better knowledge of the concepts and dimensions of organisational learning, this study looked into the nature of organisational learning and the aspects that make it up. There are two components of organisational learning: "cognitive" and "behavioural" components. The term "cognitive" refers to the more on new knowledge that organisational needs and behavioural is more on amendment of change (Barbara Kump et al., 2015).

Since cognitive dimension is required new knowledge in organisational learning process, researchers assumed that it were depend on structural of knowledge. If it was keep on moving gaining new knowledge, it can make organisation success in accepting changes in environment either internally or externally.

2. Problem Statement

Four research gaps that were outlined in the previous section are looked at in this study. A significant amount of study has been done on the individual linkages between organisational learning and organisational culture, leadership, empowerment, and organisational performance. Less study has been found on organisational learning, however, that simultaneously considers how organisational culture, leadership, empowerment, and their impact on organisational performance interact. The mechanisms used in organisational learning are unique in that they are based in culture (Nicole Roder, 2019). How does organisational learning and its antecedents influence the performance of Credit Co-operatives in Malaysia has been identified as the overarching research problem. since there hasn't been much research done in Malaysia.

3. Research Questions

There are two questions was study in this research as below:

- i. Does the comprehensive model, which includes organisational culture, leadership, and empowerment, of the linkages between cooperative organisational performance and organisational learning give a reliable result?
- ii. Are there any relationship between organisational learning and the effectiveness of Malaysian credit cooperatives?

3.1. Research objectives

There are two research questions, the main objectives for this research were:

- i. To examine a comprehensive model of the relationships between organisational learning, leadership, empowerment, organisational culture and credit co-operatives performance.
- ii. To identify the relationships between organisational learning, leadership, empowerment, organisational culture, and Malaysian credit co-operatives' performance.

3.2. Organisational learning theories

The Jyothibabu et al. (2011) approach covered most aspects of organisational learning. Table 1. has shown the antecedent, justification of theories, and any relation to organisational learning.

Table 1. Antecedent of organisational learning

Antecedent	Theoretical justification	Relevance
Organisational Culture	Pellet (2016)	Organisation will be affected through norms and values that applying and creating behaviour and attitudes towards organisation as expected.
Leadership	Chandana Kasturi Arachchi (2017)	The development of performance in organisation will be increased through its leadership.
Empowerment	Warren Tanner (2017)	Workers are involved in achieving organisational vision and mission through their planning to set up, implement and have sense of belonging. They are also will take responsibility and have authority and be motivated to learn and concerned to their work.

The purpose of learning in organisation was to be known about its experience curves (Alex Hill & Terry Hill, 2017). Researchers believed the results could be used to develop the experience of workers at all time (Rainie & Anderson, 2017, pp. 3-5).

3.3. Scope and limitation of the study

The study's scope and limitations are limited to 578 credit co-operatives in this study (as at December 2019) with the total earning around RM1.3 billion (Malaysia Co-operative Societies Commission, 2019). The respondents will be select among Board and managers, as they are the backbone of the co-operatives. The data collection will cover the mechanism of organisational learning and organisational performance through evaluating of organisational culture, leadership and empowerment as an agent of organisational learning in a credit co-operatives matter.

4. Purpose of the Study

The research came out with evidence on the perceived performance of credit co-operatives that can be influence by an organisational learning process. In detail, it can be seen that at the end of the process, it will show valuable input to those who are involved in developing the organisation in co-operative namely, Board and management staff. In a wider context, the finding will use as an important matter to contribute to the various bodies to regulate and make policy decisions on the development of co-operatives, like the Ministry of Entrepreneur Development and Co-operative (MEDC) and the Malaysia Co-operative Societies Commission (MCSC).

5. Research Methods

There are a few methods that researcher used to collect data and one of them is survey method using a questionnaire (Julie Ponto, 2015). Survey method can be used in a group that allowed doing

quantitative analysis and collecting huge data through methods like distribution of questionnaires, interview through telephone call or media social. Through the distribution of questionnaires, the researcher will utilise the survey approach to collect the data. Respondents for the research are from Board of Directors (BOARD) and managers of credit co-operatives of all sizes or clusters. Generally, credit co-operative can be described as a registered co-operative which runs credit activity such as giving loans to their members at a reasonable interest rate. However, this study does not include another financial co-operative like bank of co-operatives. The aforementioned co-operative banks, Bank Rakyat and Co-op Bank Pertama, are excluded from this analysis due to significant variations in their operational systems, membership sizes, product offerings, operational regulations and processes, and overall revenue.

Sampling procedure in this survey study contains three main stages. Firstly, a list of 589 credit co-operatives registered by Malaysia Co-operatives Societies Commission (MCSC) as of 31st December 2020 was sourced from the MCSC. However, only 536 among them have sufficient contact details, and the rest have dropped due to lacked of information like address, contact persons and telephone numbers. Secondly, the study needed a minimum sample size of 230 credit cooperatives, according to the table of necessary sample sizes and statistical methodology proposed by Krejcie and Morgan (1970) and Zikmund (2000).

The targeted respondents for the survey study are BOARD and managers of the credit co-operatives. These groups are targeted as respondents because they are directly responsible for effective performance of the co-operatives.

5.1. Research framework

Research framework was developing to study the as below:

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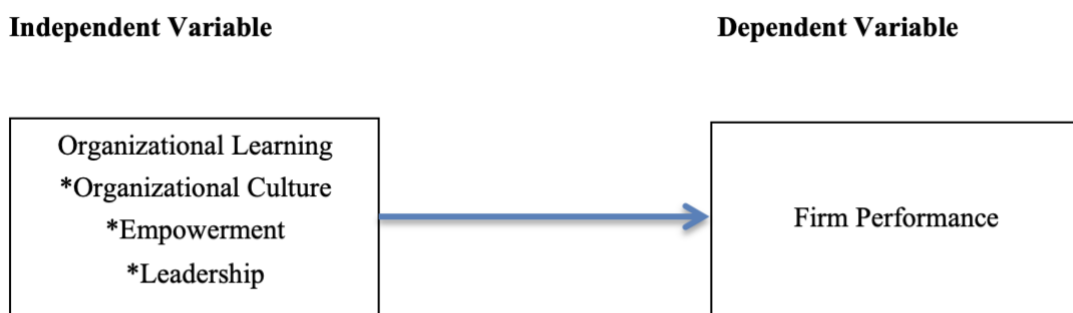


Figure 1. Research Framework

The dependent variable for this study will be the performance of credit co-operative whereas independent variables are organisational culture; leadership and empowerment (refer to Figure 1. Research Framework).

5.2. Data analysis

The data will be evaluated through Statistical Package for the Social Science (SPSS) version 22.0 software. Descriptive analysis will be used to conduct analysis where researcher will distinguish the nature of respondents. The Pearson Correlation Coefficient test will be used to see if the independent variables (organisational learning antecedent) and the dependent variable have any important connection (Credit Co-operative Performance). A multiple regression analysis is performed for analysis reasons. In statistics, normality tests are used to verify whether a set of data is well with a standard deviation and to establish the probability that a variable underneath the set of data is equally distributed. Validity tests can demonstrate the quality of a produced instrument that assesses a certain idea that was intended to be measured. Reliability, factor analysis and regression measures also used in this study to analyse the data.

6. Finding

Result shows the level of response rate by Co-operative Cluster. The total number of credit co-operatives in this study is approximately 536, and the researchers have recently contacted them. It appears that not all respondents decided to take part in the survey. Only 501 responders had completed surveys, according to the researcher. The set of questionnaires received from the 35 respondents, on the other hand, was incomplete and was deemed invalid and dismissed. For this study, the 501 sets of completed questionnaires will be analysed. Table 2. shows response rate by co-operator cluster as below.

Table 2. Response rate by co-operative cluster

Cluster	Number of Forms		Feedback (%)
	Sent	Returned	
1. Large Co-operatives	57	50	9.3
2. Medium Co-operatives	79	75	14.0
3. Small Co-operatives	115	102	19.0
4. Micro Co-operatives	285	274	51.1
Overall	536	501	93.4

Table 3. explains the financial information profile of 501 credit co-operatives (micro, small, medium, and big) in terms of membership size, total shares, total assets, revenue, and profit or loss.

Table 3. Average financial information

	Micro	Small	Medium	Large
No. of members	330	864	3541	24752
Shares	825, 183	4,245,133	11,640,716	79,905,981
Assets	1,133,505.23	6,552,204.26	18,638,631.99	181,957,965.80
Revenue	83,690.94	524,717.68	2,081,609.34	21,483,530.65
Profit/Loss	8,406.24	203,769.72	508,778.74	3,408,539.10

Results and findings from this study showed and explained there are significant relationship between independent variables which organizational learning (organizational culture, leadership, and empowerment) and dependent variable a firm performance.

According to the table of necessary sample sizes and statistical methodology offered by Krejcie and Morgan (1970) and Zikmund (2000), the study required a minimum sample size of 230 credit cooperatives. This study also found that in the Malaysian co-operative environment, leadership has an impact on organisational culture, and have an impact on the learning process.

This study found that workers have self-confidence in their ability to accomplish a job and have the capability to establish trust in organisational learning based on the empowerment construct indicator loadings. As a result, this study found that having proof as a component of organisational learning leads to greater organisational performance, with employee satisfaction being one of the performance measures.

All of the direct relationship paths between the construct and organisational learning were found to be significantly different from zero in Figure 2 below, with the exception of a non-significant direct path between leadership and organisational learning, where leadership does not influence organisational learning directly but does so through the mediums of empowerment and organisational culture, with organisational culture having the largest influence.

This study also found that in the Malaysian co-operative environment, leadership has an impact on organisational culture, which in turn has an impact on the learning process. This study found that workers have self-confidence in their ability to accomplish a job and have the capability to establish trust in organisational learning based on the empowerment construct indicator loadings. Figure 2. Showed relationship between variables and as a result, this study found that having trust as a component of organisational learning leads to greater organisational performance, with employee satisfaction being one of the performance measures.

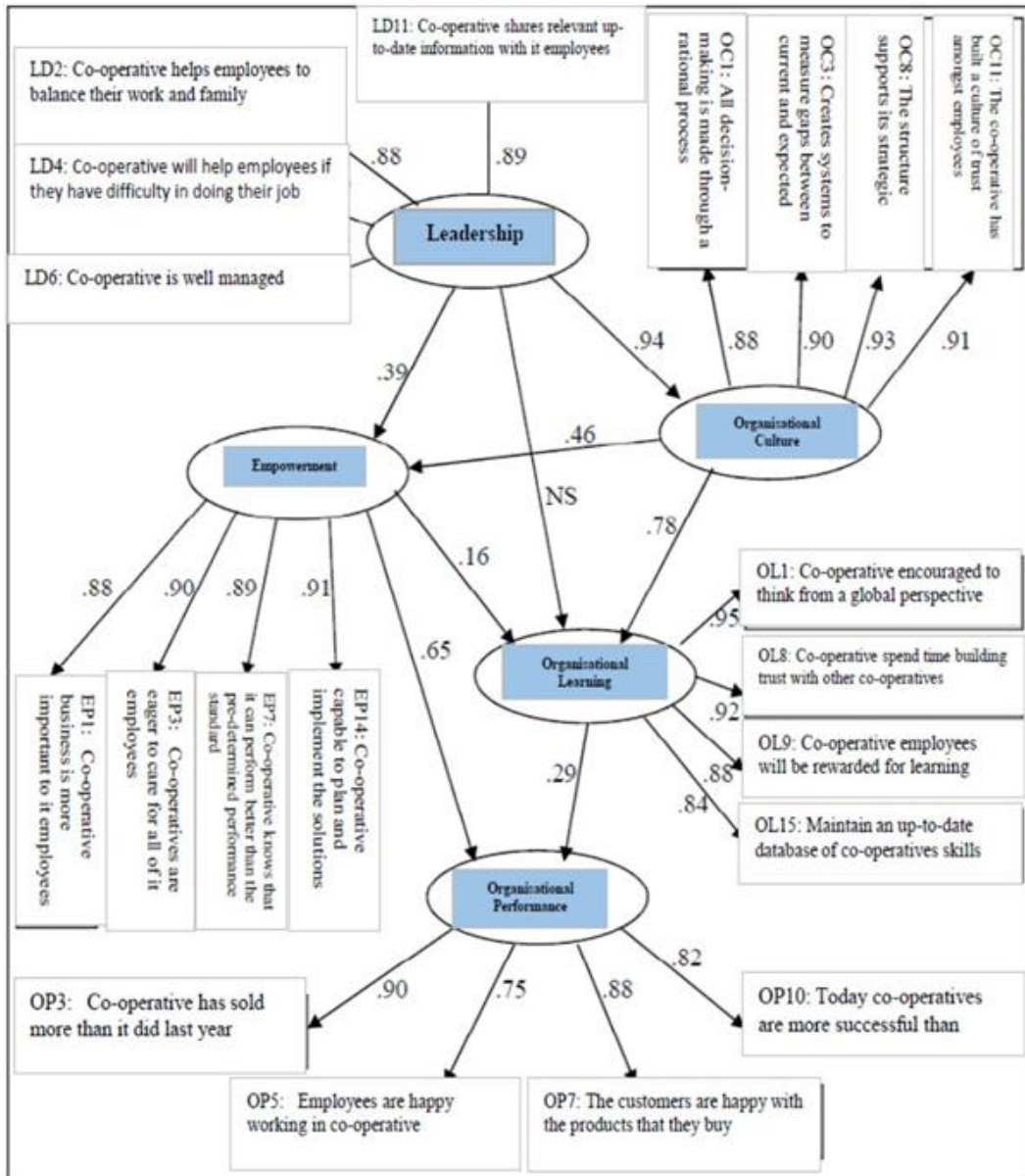


Figure 2. Relationship between variables

6.1. Finding and further study

In the future, this type of research will need to look into any dynamic changes that may occur. The same study might be carried out in other Asean nations with distinct cultures depending on the co-operative region. Given the diversity of country cultures and degrees of development, it may be preferable to perform the research in other Western or developed nations in order to gain a better understanding of organisational learning.

7. Conclusion

The report of the study will contribute to the insight of the level of organisational culture, leadership, and empowerment among credit co-operatives in Malaysia. These will help co-operatives to assess the efficiency of the learning process. In a competitive business environment, a good learning

process can contribute to the necessary assistance and guidance for the success of co-operative and building up its good reputation. The study will help co-operative to gain more details to develop guidelines on learning in co-operatives. At the end, it can show the finding that can be used to formulate policies and guidelines for the performance of co-operatives and lead to the new questions for the future research. Last but not least, the research can give support to the significant of information in audit of co-operatives.

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