

Effect of manager entrepreneurship attitude and member motivation on organizational member participation

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CHRONICLE

Article history:

Received: February 21, 2020

Received in revised format:

March 30 2020

Accepted: March 30, 2020

Available online:

April 11, 2020

Keywords:

Manager attitude

Cooperative

Entrepreneurship

Member participation

Motivation

ABSTRACT

The purpose of this study is to know the effect of entrepreneurship attitude of manager and cooperative member motivation in enhancing member participation in North Sumatera Province, Indonesia. A questionnaire survey with a 1-5 Likert Scale is executed to achieve the objective of the study. Respondents consist of 100 managers and 100 members of the cooperatives. Data is analyzed using SPSS v. 20. The results show that manager entrepreneurship attitude and member motivations correlated significantly in increasing the participation of cooperative members with $r_1 = 0.866$ (p-value=0.00) and $r_2 = 0.902$ (p-value=0.00), respectively. Likewise, entrepreneurship attitude of manager and member motivation have significant effects on increasing member participation. It is also found that $R^2 = 0.836$, and F-value was 247,430 with $\alpha < 0.01$. This study revealed the independent variable significantly correlated and increased participation of member in the Province of North Sumatera, Indonesia. Thus, it is very important to insert entrepreneurship attitude and motivation in providing cooperative education.

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1. Introduction

Indonesia is generally described as a developing country and approximately 45.534 percent of its population lives in rural areas. By 2016, the total population of Indonesia (the fourth most populous country in the world) was about 261.12 million people (World Bank, 2016). This means that approximately 118,896 million people live in rural areas. There were about 212,135 units of cooperatives (150,223 active and 61,912 inactive) until December 2015 with a total of 37,783 million members (Ministry of Cooperatives and SMEs of the Republic of Indonesia, 2015) or 14.47 percent of the total community. About 70 percent of these cooperatives were located in rural areas. The cooperative movement in Indonesia is one of the civil society organizations and is the largest social enterprise that has a large potential in rural development and job creation. Levi and Pellegrin-Rescia (1997) state that cooperatives are the only form of business with a very clear entrepreneurial component in which subordination from economy to social is logical in the organization and determined by law. Unfortunately, the rapid growth of the quantity of cooperatives in Indonesia is not matched by the increasing participation of members. Participation of members in Indonesian cooperatives is still low (Riswan et al., 2017) and their awareness to participate both professionally and actively is still below the expectations of the government. Olabisi et al. (2015) and Ernita et al. (2016) show that member participation is vital in improving cooperative performance. This means that if the participation of members is not repaired then automatically cooperative performance will be low. Ahmed and McQuaid (2005) state that successful management in

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this era globalization requires developing methods and approaches to suit the challenges and opportunities to become entrepreneurs. For this reason, efforts need to be made to improve the performance of cooperative managers that lead to entrepreneurial attitudes in managing and maintaining cooperatives. The manager of the cooperative is a person whose job is to assist the management in managing, organizing and running the work and functions of the cooperative in order to run properly and perfectly so that the members' active participation can continue to increase. Hanel (2005) and Munkner (2013) show that member participation is a major factor underlying the success of cooperatives.

To increase the participation of cooperative members, the Indonesian government should focus on improving the quality of managers' performance by enhancing the entrepreneurship attitude, which is expected to improve their professionalism. According to Acs and Audretsch (2010) the existence of entrepreneurs has a positive impact on economic growth because they will offer wide employment opportunities. Through entrepreneurship new sources of supply can be found and the creation of new business organizations that directly affect the economy. The creation of new business opportunities through entrepreneurship, productivity and innovation shows an increase in the direction of economic growth. This means that when there is more increase in entrepreneurship in an economy, more economic growth is expected. Entrepreneurial activities are carried out by newborn entrepreneurs and young business owners/managers influence economic growth, but this influence depends on the level of income per capita. This shows that entrepreneurship plays a different role in countries with various stages of economic development. Fotoohi (2014) points out that many cooperatives not only continue to exist, but also seem to be more successful than their competitors and can continue to offer goods and services to their members. Case studies show that cooperative entrepreneurs and entrepreneurship and new management methods have a major role in such cooperatives.

According to Zainal and Mahmood (2012), a new perspective on the cooperative movement where strong member relations have been able to contribute further to the growth of the cooperative movement's performance. The level of cohesiveness among members has determined the success of cooperative performance to move towards the future. Chareonwongsak (2017), shows that motivation of cooperative boards of directors significantly affects cooperative performance. Hence, this research investigates the influence of entrepreneurship attitude from managers of cooperative and member motivation to increase member participation as key to success of cooperative in North Sumatera, Indonesia. Based on the above problem, the aim of the research is to know the influence and correlation between the entrepreneurship attitude of the cooperative manager and member motivation towards member participation as the key to success in the cooperative.

2. Theoretical Review

2.1. Organizational Member Participation

Participation is the involvement of a person both mentally and emotionally to contribute to the achievement of group goals and to be responsible. Increasing such participation needs to increase self-esteem, which in turn encourages mutual respect. Participation is one way to motivate. This is due to the participation of more emphasis on psychology in terms of materials, meaning it is to involve someone in it then he will be responsible. According to Allport (1945), an accompanying person actually experiences the self and nature of ego involvement, rather than involvement in work or duty. Given his involvement it also means involvement of thoughts and feelings. Members can be seen as the most vital part of a cooperative. It is said that members of loyal attitudes and loyal behavior play an important role in increasing the effectiveness and strengthening of cooperatives (Verhees, et al., 2015; Mahazril et al., 2012; Regts, 2009). To build and maintain a cooperative as a competitor to other companies in the commercial world, members of investors must utilize all types of cooperatives with loyal customers of cooperatives. The member participation is a member of the role in overseeing business, venture capital and enjoying benefits, and participation in evaluating the decisions of cooperative activities. According to Allport (1945), a person who participates in the particular community should experience both self-involvement and ego-involvement. In other words, if a person participates in a particular community, he/she must engage his/her thoughts, emotions, and feelings. Hanel (2005) points out the participation of members of cooperatives associated with identity of owner, manager, member and users. In addition, according to Ropke (2003) participation is divided into three types in resource contributions, decision making and benefit sharing.

2.2. Member Attitude and Behavior

According to Calhoun and Joan (1995), attitude is a feeling, and or a belief in a particular object, and there is a tendency to act against objects in a certain way. Human attitude is not an innate ability, but it is something learned. So, the attitude is easily built, influenced and changed. This means that the attitude comes from a stimulus that is influenced by several factors, such as personality, environment and learning process. If a positive stimulus, a good attitude will be built, while negative stimulus will build a bad attitude. Ajzen and Fishbein (1980) point out the theory of reasoned action that explains the relationship between attitudes and behavior. There are two factors that affect one's intention in doing something in forms of to evaluate a positive or negative attitude and to consider subjective norms or people's perceptions of whether the behavior is accepted or not.

2.3. Characteristics of Cooperatives-Entrepreneurship

Kuratko and Hodgetts (2004) stated that entrepreneurship is a dynamic process of vision, change, and creation. This requires the application of energy and enthusiasm to the creation and implementation of new ideas and creative solutions. Important materials include a willingness to take calculated risks in terms of time, equity, or career; ability to formulate an effective business team; creative skills to collect the resources needed; and basic skills of building a strong business plan; and finally, a vision to recognize opportunities where others see chaos, contradictions, and confusion. According to Izedonmi and Okafor (2008), the characteristics of cooperative-entrepreneurship are similar to entrepreneurial characteristics, where entrepreneurs should be able to monitor and identify opportunities and seek sources to achieve goals. Other studies also state the following characteristics of entrepreneurship such as achievement requirements (McClelland, 1987), locus of control (Rotter, 1966), risk taking (Brockhaus, 1980), proactive (Crant, 2000), tolerance to the unexpected (Bateman & Grant, 1993) and creativity (Drucker, 1998). Furthermore, Meredith et al. (1982) argue that the characteristics of entrepreneurs are self-confidence, task and outcome oriented, risk-taking, leadership, originality, and future-oriented. These traits show that the only thing entrepreneurs need is creativity that is not the innate ability of something they have learned. Therefore, entrepreneurs need to explore and learn creativity so that every entrepreneur will have its own characteristics, while entrepreneurship is an attitude that comes from creative and innovative entrepreneurs. Lambing and Kuehl (2006), Barringer and Ireland (2012) state some basic elements of a successful entrepreneur in forms of ability, courage, consistency and creativity. In addition, Frederick et al. (2012) describes that the characteristics of entrepreneurship are commitment, determination, consistency, opportunity-oriented, initiative, responsible, internal locus control, integrity, creative, independent, confident, optimistic and team building.

2.4. Entrepreneurship in Cooperative-Based Enterprises

Generally, entrepreneurship in cooperatives is defined as a positive mental attitude cooperatively in doing entrepreneurship in order to accept innovative steps and risks and stick with the identity of cooperatives in realizing the needs and welfare. According to Meredith et al. (1982), entrepreneurship attitudes of cooperatives involve a person capable of overseeing business opportunities, gathering whatever resources are needed, and taking planned action to achieve success. In other words, a cooperative entrepreneur is a person who has the will to innovate and develop new strategies and have a better cooperative system. Hence, cooperative-entrepreneurs should continue to search for and find any innovation (Drucker, 2007). The cooperative is a business unit engaged in the economy to promote economic growth through increased productivity and revenues. According to Atkinson and Howard (2008) that the productivity of an economy can grow in two different ways. First, productivity can be increased by increasing the value of goods and services produced (e.g., shifting production from standard commodities based on existing technology to new, higher performance technologies where consumers are willing to pay premiums and also gain greater economic benefits). Second, productivity can grow by generating a series of certain goods or services more technically efficiently. Ropke (2003) states that productivity gains can be recovered in two ways; first, innovative activities (e.g., use of productive technology); secondly, increased work activity (e.g, creating new facilities). Meanwhile, Drucker (1998) states that entrepreneurship is the ability to create new offerings. Hence, the key to the success of a cooperative is characterized by the high level of participation of its members. In order for members of the cooperative to participate actively, the members must have high motivation to work together. For that, the motivation of members of the cooperative is very important to be maintained and improved so that members remain willing to join the cooperative. The more members join the cooperative, the more economic and social benefits are gained. A good cooperative organization should recruit managers with professional attitude in managing cooperatives according to their vision and mission

3. Theoretical Framework

This research departs from the assumption that a developing cooperative should have a manager who has a good entrepreneurship attitude, to lead to the success of the cooperative. The entrepreneurship attitude of a good manager at a cooperative will increase member participation, and this is the key to the success of the cooperative. A rapidly growing cooperative must have a manager who has the attitude of a good entrepreneur, because this attitude leads to the success of the cooperative. The entrepreneurship attitude of a good manager at a cooperative will increase member participation, and this is the key to the success of the cooperative (Fig. 1).

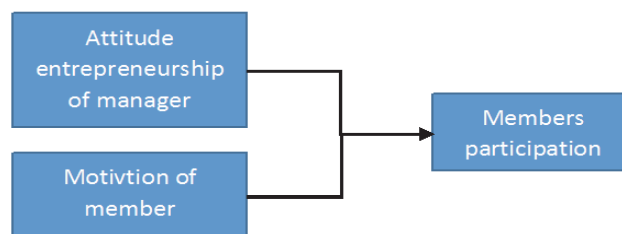


Fig. 1. Theoretical Framework

In this study, Meredith et al.'s (1982) theory was used to describe the entrepreneurship attitude of managers as independent variables seen from several indicators, namely knowing priorities, taking risks, innovation, attitudes toward duty, respecting time, achievement motivation, confidence and responsibility. This attitude is owned by the manager individually and influences the style and behavior of his work in managing the cooperative. The influence of the entrepreneurial attitude of cooperative managers that increase member participation as a dependent variable is the key to successful cooperatives, emphasized in this theory.

4. Method

This research is done by using quantitative research method. The population in this study is all active cooperatives in North Sumatera Province, Indonesia. Of all the existing cooperative populations, the study selected hundred cooperative units which were willing to participate in this study, and from each cooperative a manager and a member of each cooperative were selected. Overall, there are 100 people managers and 100 members as respondent respectively. The research instrument is a questionnaire with 5-point Likert scale. Data were analyzed by using correlation analysis and multiple regression analysis with SPSS.

5. Results

The analysis shows that an internal consistency analysis was performed to test the validity and reliability of the instruments used. Nunnally (1978) suggested an acceptable alpha value is a minimum scale of 0.5. As shown in Table 1, the alpha value obtained from the reliability analysis for this study is greater than 0.5. In this analysis involved as many as 100 respondents as manager and 100 members of the cooperative. Managers have responded to the independent variables of entrepreneurship attitudes, while cooperative members have responded to independent variables of member motivation and dependent variables i.e. participation of cooperative members. In Table 2 it can be concluded that this instrument has good internal consistency and is also reliable due to the $\alpha > 0.5$. From the validity test results it can be concluded that all items are valid because all Corrected Item-Total Correlation is positive.

Table 1
Reliability Analysis Result

Variable	item	Cronbach's Alpha
Entrepreneurship attitude	20	0.729
Members motivation	9	0.602
Members participation	13	0.575

Classical assumption test has been performed using Kolmogorov-Smirnov test and multicollinearity test results as in Table 2. Kolmogorov-Smirnov test is performed by comparing the distribution of data to be tested for normality with the standard normal distribution that has been converted to Z-Score form, and if the significance level is > 0.05 then the sample comes from a normally distributed population. As shown in Table 2, Asymp.Sig (2-tail) is greater than 0.05 for each variable. Thus, it can be concluded that the data is normally distributed. Next, multicollinearity test using Variance Inflation Factor (VIF) and Tolerance, where data is feasible if tolerance values > 0.10 and VIF < 10 . As Table 3 shows, the tolerance values obtained are more than 0.10, VIF < 10 for all variables.

Table 2
Classical Assumption Test Result

Variable	KS- Z	asyp.sig	Collinearity Stat.	
			Tolerance	VIF
EA	1.485	0.024	0.223	4.479
MOT	1.682	0.007	0.223	4.479
PAR	1.874	0.002	-	-

EA: entrepreneurship attitude; MOT: motivation; PAR: participation

Next analysis was Pearson correlation. From the Pearson correlation coefficient analysis, there is a correlation between the variables as presented in Table 3, where the correlation coefficient was found to be positive and statistically significant at the 0.01 ($p < 0.01$) sig level. 2-tailed. This means that member participation is significantly correlated with the entrepreneurship attitude of cooperative managers and member motivations, with $r_1 = 0.866^{**}$ and $r_2 = 0.902^{**}$ respectively. Similarly found a significant relationship between the entrepreneurship attitude of cooperative managers with motivation members, amounted to $r_3 = 0.881^{**}$ (Table 3). The next analysis was multiple linear regression analysis. Table 4 shows the value of R^2 of 0.836. It means that 83.6% of the independent variables (entrepreneurship attitude of manager and member motivation) influence the dependent variable, while the remaining 16.4% is influenced by other variables. The F value of 247,430^{**}, $\alpha < 1\%$, means that the independent variables (i.e. the entrepreneurship attitude of the cooperative manager and member motivation) simultaneously and very significantly increase the members participation of cooperative which is the key to the success of the cooperative in North Sumatra Province.

Table 3
Pearson Correlation Coefficients

Variable	MP	EA	MM
EA	1.000		
MOT	0.866**	1.000	
PAR	0.902**	0.881**	1.000

EA: entrepreneurship attitude; MOT: motivation; PAR: participation

** Correlation is significant at the 0.01 level (2-tailed) * Correlation is significant at the 0.05 level (2-tailed)

Table 4
Summary of Regression Analysis

Variable	Beta	t-value	Sig.
Constant	0.589	4.097	0.000
EA	0.293	3.667**	0.000
MOT	0.549	7.136**	0.000
R2	0.836		
Adjust. R2	0.833		
F-Test	247.430**		
Sig.(2-tailed)	0.000		

The simultaneous effect shows that entrepreneurship attitude factor of manager and motivation of cooperative member have an effect in increasing cooperative member participation in North Sumatera Province, Indonesia. Similarly, partial effect shows that entrepreneurship attitude of cooperative managers and cooperative member motivation significantly increase the participation of cooperative member in North Sumatera Province, Indonesia. The attitude of managers in entrepreneurship, especially driven by a high sense of responsibility for the task and the belief for success, and the attitude that respects the time, and care about the importance of information. Another encouraging attitude is the importance of new innovations, eager to succeed. Attitudes that need to be improved again is the attitude of courage in taking the risk of courage owe or proposed credit and give attention to the fund as a cooperative capital. The motivational factors of cooperative members are driven by cooperation with other members in a working team and the fulfillment of family needs in shopping at cooperative stores as well as access to borrow on cooperatives. Attitudes that need to be improved again is the motivation of members in sharing experiences among members and the opportunity to become employees. Member participation factors are driven primarily by the high involvement of members in the decision making process of cooperative members' attendance in meetings held by cooperatives and the benefits of member benefits such as credit usage, and obtaining shared profits. Attitudes that need to be improved again is the liveliness of members in giving suggestions or ideas and advices in advancing cooperatives. Participation of a person in a particular community must experience self-involvement and ego involvement. In other words, if a person participates in a particular community, then he / she should involve his thoughts, emotions, and feelings. Participation of members of the cooperative in this study is encouraged because of the high involvement of members in the decision-making process which is shown from the presence of cooperative members in the meetings held by the cooperative, and the benefit of benefits obtained by members such as the use of credit, and get a share of profit or residual results.

6. Conclusion

The results of this study have indicated that cooperative entrepreneurship attitude was a problem that has been owned by managers to manage and members of cooperatives in running efforts at cooperative companies. The lessons given in cooperative education for all managers and members should also instill entrepreneurship attitudes and cooperative enterprises can continue to grow and sustainably in the future. There is a significant relationship and influence between the entrepreneurship attitude of managers towards the participation of the members. There is a significant correlation and influence between members' motivation toward member participation as the key of success of cooperative. There is a significant influence and correlation between entrepreneurship attitude of managers with the motivation of joint members towards the participation of members as the key to successful cooperatives in North Sumatra, Indonesia.

Acknowledgment

We would like to thank and appreciate to Directorate of Research and Community Service, Directorate General of Research and Development Strengthening, Ministry of Research, Technology and Higher Education of the Republic Indonesia for the Competitive Grant 2016-2017 given to support this research.

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