

Research Article**INTEGRATED MEMBER PARTICIPATION MODERATES THE EFFECT OF TRANSACTIONAL LEADERSHIP AND THE BUSINESS ENVIRONMENT ON THE PERFORMANCE OF OIL PALM COOPERATIVES IN INDRAGIRI HULU, RIAU*****Irawati, Budiyanto and Agustedi**

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Abstract

This study adopts a resource-based theory perspective to empirically examine the moderating role of integrated member participation in the effect of transactional leadership and the business environment on the performance of oil palm cooperatives in Indragiri Hulu. The study involved 108 administrators from oil palm cooperatives in Indragiri Hulu, Riau, Indonesia. Data were analyzed using Structural Equation Modeling (SEM) PLS. The study advocates for integrated member participation as a strategic approach to enhancing cooperative performance. Results indicate that transactional leadership and the business environment significantly affect the performance of oil palm cooperatives, with integrated member participation serving as a moderator in this relationship. These results contribute to the resources-based theory by emphasizing the importance of developing cooperative competencies to navigate internal and external changes, thereby enhancing cooperative performance.

Keywords: Resources based theory, Cooperative performance, Transactional leadership, Business environment, Integrated member participation.

INTRODUCTION

The development of cooperatives embodies a constitutional mandate of the Indonesian nation, particularly articulated in Article 33, Paragraph (1) of the 1945 Constitution, which is the Indonesian economy is structured as a joint venture based on the principle of kinship. Cooperatives, as economic entities, align with this economic structure and are thus expected to play a significant role in the Indonesian economy. Furthermore, cooperatives operate as collective endeavors aimed at promoting the welfare of all members. In the contemporary era, oil palm cooperatives are tasked with achieving independence and competitiveness. Challenges encountered in managing oil palm cooperatives in Indragiri Hulu often stem from deficiencies in member coordination and communication. Both regular and annual member meetings frequently fail to proceed as intended, resulting in minimal engagement in business activities and transactional processes. Effective communication and coordination are indispensable elements for the functioning of any organization, including cooperatives. Observation findings indicate a prevalent issue wherein many cooperatives in Indragiri Hulu fail to conduct Annual Member Meetings (RAT) on a regular basis. Among the 36 oil palm cooperatives registered with the Indragiri Hulu Cooperative and MSME (Micro, Small, and Medium Enterprises) Service, only 16 cooperatives (44.44%) conducted a comprehensive annual member meetings (RAT) for the 2021 financial year as of 2022. Conversely, 20 cooperatives (55.56%) held annual member meetings (RAT) but failed to submit reports to the cooperative department. This indicates that the management performance of these 20 cooperatives, which neglect the annual member meetings (RAT), cannot be held accountable to the members, despite the fact that such

meetings constitute the highest authority within the cooperative structure. Under cooperative law, the failure to conduct a RAT may result in the dissolution of the cooperative. This study concentrates on oil palm cooperatives due to the predominant livelihood of the residents in Indragiri Hulu being reliant on oil palm farming. Therefore, the performance of oil palm cooperatives serves as a reflection of the community's welfare in Indragiri Hulu. Several studies have reported that transactional leadership exerts an effect on cooperative performance (Abdelwahed *et al.*, 2021; Ahmed *et al.*, 2021; Alheet *et al.*, 2021; Chang and Jeong, 2021; Khan *et al.*, 2021; Maheswari, 2021; Mwakajila and Nyello, 2021; Rathi *et al.*, 2021; Young *et al.*, 2020). Conversely, several studies have also reported that no significant effect was found from transactional leadership on cooperative performance (Ambad *et al.*, 2021; Desti *et al.*, 2021; Pio, 2020; Ramadhanti *et al.*, 2021; Raveendran, 2021). Similarly, several studies have reported that the business environment exerts an effect on cooperative performance (Asad *et al.*, 2020; Doan *et al.*, 2020; Juárez and Vergara, 2021; Khan *et al.*, 2019; Maseda *et al.*, 2019; Palomo *et al.*, 2019; De-Lema *et al.*, 2019; Tang *et al.*, 2020; Tran and Pham, 2020; Yang *et al.*, 2020). However, a contrasting perspective exists as several studies have also reported that no significant effect was found from the business environment on cooperative performance (Jeong *et al.*, 2019; Akpoviroro and Owotutu, 2018; Shetty and Yadav, 2019). Drawing from previous studies, researchers have identified persistent inconsistencies in the findings concerning the effect of transactional leadership and the business environment on cooperative performance. To address these discrepancies, researchers propose introducing the moderation concept, incorporating the integrated member participation variable. Active involvement of cooperative members in transactions and contributions aligned with their expertise holds promise for enhancing cooperative performance. This study aims to strengthen the resource-based theory related to the variables of

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cooperative performance, transactional leadership, the business environment, and integrated member participation.

LITERATURE REVIEW

The effect of transactional leadership on the performance of oil palm cooperatives in Indragiri Hulu, Riau

In the realm of factors affecting behavior and performance, leadership stands out as a paramount consideration, as highlighted by numerous researchers (Yukl and Gardner, 2018:145). According to Robbins and Coulter (2006:98), leadership denotes the capacity to guide a collective towards organizational objectives. This implies that effective leadership, capable of exerting effect over a group, correlates with the attainment of organizational goals, thereby indicating successful performance outcomes. Thus, it can be inferred from the aforementioned expert opinions that leadership significantly affects both employee and organizational performance.

Mwakajila and Nyello's (2021) study endeavors to analyze the effect of leadership styles, company characteristics, and financial performance on small and medium enterprises (SMEs) in Tanzania. Previous empirical studies have predominantly focused on the direct effects of individual leadership styles. Nonetheless, it is conceivable that a combination of leadership styles moderated by company-specific traits exerts a greater effect on business performance, particularly within SME contexts. To this end, the article examines the interplay between four leadership styles—namely transactional, transformational, a combination of transactional and transformational leadership, and passive-avoidant—and the financial performance of SMEs, while considering the moderating effect of firm characteristics. The findings suggest that various leadership styles, including transactional, transformational, a combination of both, and passive-avoidant, significantly shape SME performance. Logically, leadership practices within cooperatives, specifically in the context of cooperative management, encompassing the provision of contingent rewards to management and members, directive supervision, and the imposition of warnings and sanctions upon errors, are perceived to enhance the performance of cooperatives in Indragiri Hulu, Riau.

Several studies have reported that transactional leadership exerts an effect on cooperative performance (Abdelwahed *et al.*, 2021; Ahmed *et al.*, 2021; Alheet *et al.*, 2021; Chang and Jeong, 2021; Khan *et al.*, 2021; Maheswari, 2021; Mwakajila and Nyello, 2021; Rathi *et al.*, 2021; Young *et al.*, 2020). Conversely, several studies have also reported that no significant effect was found from transactional leadership on cooperative performance (Ambad *et al.*, 2021; Desti *et al.*, 2021; Pio, 2020; Ramadhanti *et al.*, 2021; Raveendran, 2021). Based on the aforementioned inconsistencies in research findings, the hypothesis posited in this study is as follows:

H1: Transactional leadership exerts a significant effect on the performance of oil palm cooperatives in Indragiri Hulu, Riau.

The effect of the business environment on the performance of oil palm cooperatives in Indragiri Hulu, Riau

The external environment exerts a profound effect encompassing economic, demographic, social, political, legal,

and technological dimensions, among others, thereby affecting business operations in multifarious ways. These effects extend beyond the transformation processes themselves to encompass resource acquisition, creation, and output consumption. As depicted by Worthington *et al.* (2018:5), the relationship between the company and its environment is illustrated. It follows logically that alterations in the business environment, such as economic fluctuations, may result in a decline in the company's purchasing power for crude palm oil (CPO). Furthermore, concerns regarding environmentally sustainable palm oil production contribute to the volatility in palm oil prices, thereby affecting the performance of Oil Palm Cooperatives in Indragiri Hulu.

Several studies have reported that the business environment exerts an effect on cooperative performance (Asad *et al.*, 2020; Doan *et al.*, 2020; Juárez and Vergara, 2021; Khan *et al.*, 2019; Maseda *et al.*, 2019; Palomo *et al.*, 2019; De-Lema *et al.*, 2019; Tang *et al.*, 2020; Tran and Pham, 2020; Yang *et al.*, 2020). However, a contrasting perspective exists as several studies have also reported that no significant effect was found from the business environment on cooperative performance (Jeong *et al.*, 2019; Akpoviro and Owotutu, 2018; Shetty and Yadav, 2019). Based on the aforementioned inconsistencies in research findings, the hypothesis posited in this study is as follows:

H2: The business environment exerts a significant effect on the performance of oil palm cooperatives in Indragiri Hulu, Riau.

The role of integrated member participation in moderating the effect of transactional leadership on the performance of oil palm cooperatives in Indragiri Hulu, Riau

Davis and Newstrom (1989:35) define participation as the mental and emotional engagement of individuals in group settings, encouraging them to contribute towards group goals and share responsibility for achieving them. Hendar and Kusnadi (2005:97) assert that a cooperative constitutes a business entity wherein owners and customers are synonymous, comprising the members, as depicted by the principle of cooperative identity symbolized by the triangular emblem. Consequently, customers, owners, and members are indistinguishable. Cooperatives serve as instruments utilized by members to fulfill mutually agreed-upon functions. Hence, the success, failure, progression, or regression, as well as the utility of a cooperative, hinge significantly upon the active participation of its members. Efforts to conceptualize cooperative member participation evolve in tandem with the requisites of effective cooperative management. Members are expected to engage in financing the cooperative, essential to support members' businesses and households efficiently, aligning with their needs and objectives. Furthermore, they should possess the rights, agency, motivation, and capability to participate in setting goals, making decisions, and overseeing cooperative endeavors. The integration of member participation introduces a novel aspect by incorporating an indicator termed "consulting," implying that members must also serve as consulting partners to cooperative management. Thus far, the relationship has been predominantly unidirectional, involving decision-making authority and profit sharing. Logically, consultation with members can propel the cooperative forward. Cooperative administrators can identify members with diverse competencies and engage them in consultation to advance cooperative development. Historically,

cooperatives have been overseen solely by appointed supervisors whose responsibilities primarily focus on program execution. However, the integration of members with the consulting indicator redirects cooperative management towards consulting on both prospective and ongoing business plans. Based on opinions from various experts such as Alfani (2015), Hendar and Kusnadi (2005:132), and Ropke (1989:155), alongside the findings of research development, the indicators of integrated member participation encompass: 1) resource movers, 2) decision makers, 3) profit takers, and 4) consultants. Integrated member roles entail active involvement spanning from upstream to downstream aspects of cooperative business planning, processes, and evaluation, engaging competent members as consultants in their fields.

Several studies have reported that member participation affects cooperative performance (Degenhart *et al.*, 2022; Galeazzo and Furlan, 2021; Guidini *et al.*, 2020; Luo *et al.*, 2020; Nichols *et al.*, 2022; Uribetxebarria *et al.*, 2020; Wu and Vries, 2022). Then, several studies have reported that transactional leadership exerts an effect on cooperative performance (Abdelwahed *et al.*, 2021; Ahmed *et al.*, 2021; Alheet *et al.*, 2021; Chang and Jeong, 2021; Khan *et al.*, 2021; Maheswari, 2021; Mwakajila and Nyello, 2021; Rathi *et al.*, 2021; Young *et al.*, 2020). Conversely, several studies have also reported that no significant effect was found from transactional leadership on cooperative performance (Ambad *et al.*, 2021; Desti *et al.*, 2021; Pio, 2020; Ramadhanti *et al.*, 2021; Raveendran, 2021). Based on these empirical studies, the hypothesis posited in this study is as follows:

H3: Integrated member participation moderates the effect of transactional leadership on the performance of oil palm cooperatives in Indragiri Hulu, Riau.

The role of integrated member participation in moderating the effect of transactional leadership on the performance of oil palm cooperatives in Indragiri Hulu, Riau

The Cooperative Pocket Book (2010), authored by the Deputy for Human Resources Development, outlines diverse strategies for enhancing member participation through both material and non-material approaches. The material approach entails offering commissions, incentives, bonuses, and allowances for engaging in activities that involve active participation in organizational endeavors, as well as availing goods/services provided by the cooperative. Additionally, the non-material approach entails fostering motivation among all stakeholders by engaging every member in the collective decision-making process. Efforts to conceptualize cooperative member participation evolve in tandem with the requisites of effective cooperative management. Members are expected to engage in financing the cooperative, essential to support members' businesses and households efficiently, aligning with their needs and objectives. Furthermore, they should possess the rights, agency, motivation, and capability to participate in setting goals, making decisions, and overseeing cooperative endeavors. The integration of member participation introduces a novel aspect by incorporating an indicator termed "consulting," implying that members must also serve as consulting partners to cooperative management. Thus far, the relationship has been predominantly unidirectional, involving decision-making authority and profit sharing. Consultation with members can propel the cooperative forward. Cooperative administrators can identify members with diverse

competencies and engage them in consultation to advance cooperative development. Historically, cooperatives have been overseen solely by appointed supervisors whose responsibilities primarily focus on program execution. However, the integration of members with the consulting indicator redirects cooperative management towards consulting on both prospective and ongoing business plans. Based on opinions from various experts such as Alfani (2015), Hendar and Kusnadi (2005:132), and Ropke (1989:155), alongside the findings of research development, the indicators of integrated member participation encompass: 1) resource movers, 2) decision makers, 3) profit takers, and 4) consultants. Integrated member roles entail active involvement spanning from upstream to downstream aspects of cooperative business planning, processes, and evaluation, engaging competent members as consultants in their fields.

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H4: Integrated member participation moderates the effect of the business environment on the performance of oil palm cooperatives in Indragiri Hulu, Riau.

Researchers outline the conceptual framework for this study in the following figure:

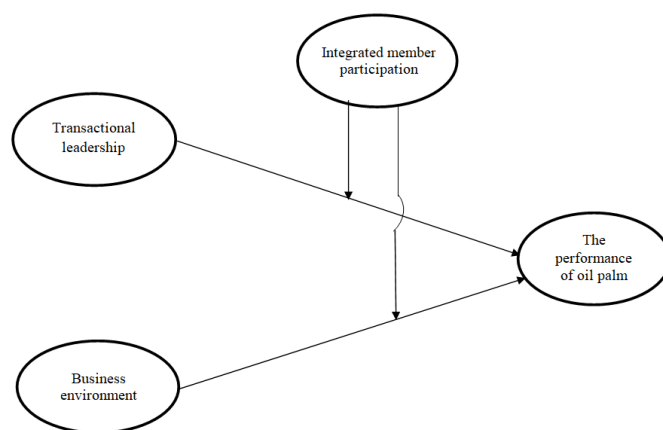


Figure 1. Conceptual Framework

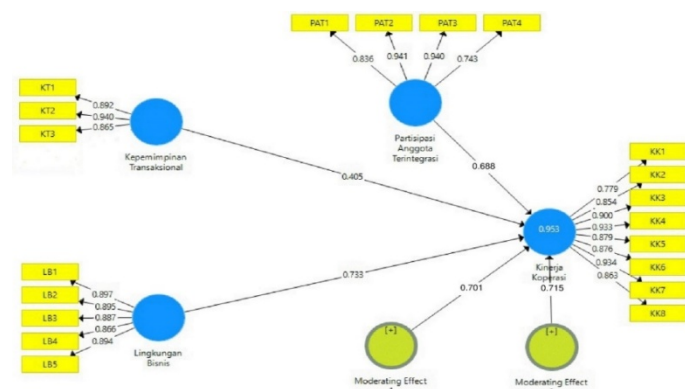
METHODS

To test the model, researchers sampled oil palm cooperative administrators from the Indragiri Hulu, Riau, Indonesia. This study acknowledges the significance of integrated member participation in enhancing the performance of oil palm cooperatives, drawing upon resource-based theory. The

rationale for selecting oil palm cooperatives lies in the pivotal role of member participation in cooperative development. The sample comprised 108 oil palm cooperative administrators, including chairpersons, secretaries, treasurers, and managers. Data were collected using a survey questionnaire instrument. Researchers conducted data analysis through Structural Equation Modeling (SEM) using SMARTPLS 3.0 to test the proposed hypotheses. In this study, cooperative performance was measured using indicators adapted from Mahoney (1986), encompassing planning, investigation, coordination, evaluation, monitoring, staff management, negotiation, and representation. Transactional leadership was measured using indicators drawn from Northouse (2016:249) and Yukl and Gardner (2019:306), encompassing contingent rewards, active exception management, and passive exception management. Business environment was measured using indicators derived from Belas et al. (2019), encompassing economic, technological, social, and competitive environment factors. Integrated member participation was measured using indicators synthesized from Ropke (1989) and Hendar and Kusnadi (2005), encompassing resource movers, decision makers, profit takers, and consultants. The introduction of consultants as an indicator in this study signifies cooperative members' role as development consultants, leveraging their expertise in respective fields.

RESULTS AND DISCUSSION

The research sample comprised 108 oil palm cooperative administrators, the majority of whom possess a high school education (78.70%). The majority of administrators have a work tenure of more than 0-5 years, and are aged over 50 years. Respondents' responses to the cooperative performance variable fell within the high category, with negotiation performance being the highest achievement indicator and supervision performance being the lowest achievement indicator. Respondents' responses to the transactional leadership variable also fell within the high category, with active exception management being the highest achievement indicator and passive exception management being the lowest achievement indicator. In terms of the business environment variable, respondents' responses fell within the good category, with social factors being the highest achievement indicator and technological factors being the lowest achievement indicator. Furthermore, in terms of integrated member participation, respondents' responses fell within the high category, with decision makers being the highest achievement indicator and resource movers being the lowest achievement indicator. The following is the research path model:



Source: SmartPLS 3.0

Figure 2. Research Path Model

Measurement Model Analysis (Outer Model)

Convergent Validity Test

The results of the convergent validity test of the data in this study are presented in the following Table 1.

Table 1. Factor Loading

Variable	Indicator	Factor Loading
Cooperative Performance (KK)	KK1-Planning Performance	0.779
	KK2-Investigation Performance	0.854
	KK3-Coordination Performance	0.900
	KK4- Evaluation Performance	0.933
	KK5-Supervision Performance	0.879
	KK6- Staff Management Performance	0.876
	KK7-Negotiation Performance	0.934
	KK8-Representation Performance	0.863
Transactional Leadership (KT)	KT1-Contingent Rewards	0.892
	KT2-Active Exception Management	0.940
	KT3-Passive Exception Management	0.865
Business Environment (LB)	LB1-Economic Factors	0.897
	LB2-Technology Factors	0.895
	LB3-Social Factors	0.887
	LB4-Competitive Environment Factors	0.866
Integrated Member Participation (PAT)	PAT1-Resource Movers	0.836
	PAT2-Decision Makers	0.941
Participation (PAT)	PAT3-Profit Takers	0.940
	PAT4-Consultants	0.743

Source: SmartPLS 3.0

Based on the results of the convergent validity test in Table 1, if the factor loading value is <0.5, it must be removed from the model then the factor loading value must be re-estimated. By removing several factor loadings of <0.5, all indicators are used to continue the analysis to the next stage. The convergent validity is met if all factor loadings are >0.5. Because all factor loadings in this study are >0.5, meaning that all indicators are valid to form a variable construct.

Discriminant Validity Test

The results of the discriminant validity test of the data in this study are presented in the following Table 2.

Table 2. Cross Loading Values

Indicator	K.K	KT	LB	PAT
KK1-Planning Performance	0.779	0.689	0.894	0.736
KK2-Investigation Performance	0.854	0.753	0.896	0.784
KK3-Coordination Performance	0.900	0.826	0.893	0.848
KK4- Evaluation Performance	0.933	0.885	0.866	0.868
KK5-Supervision Performance	0.879	0.749	0.745	0.740
KK6- Staff Management Performance	0.876	0.740	0.744	0.734
KK7-Negotiation Performance	0.934	0.888	0.865	0.870
KK8-Representation Performance	0.863	0.894	0.816	0.791
KT1-Contingent Rewards	0.863	0.892	0.819	0.788
KT2-Active Exception Management	0.866	0.940	0.839	0.862
KT3-Passive Exception Management	0.711	0.865	0.671	0.835
LB1-Economic Factors	0.849	0.698	0.897	0.743
LB2-Technology Factors	0.893	0.744	0.895	0.775
LB3-Social Factors	0.933	0.823	0.887	0.844
LB4-Competitive Environment Factors	0.868	0.885	0.866	0.868
PAT1-Resource Movers	0.877	0.868	0.668	0.836
PAT2-Decision Makers	0.878	0.877	0.773	0.941
PAT3-Profit Takers	0.698	0.878	0.770	0.940
PAT4-Consultants	0.868	0.698	0.897	0.743

Source: SmartPLS 3.0

Based on the results of the discriminant validity test in Table 2, the model has good discriminant validity if each indicator loading value of a latent variable is greater than other correlated variables. The cross loading value in this study for

each indicator is greater than the other latent variables. This shows that each variable has good discriminant validity.

Construct Reliability Test

Average Variance Extracted(AVE) has a value of >0.5 and Composite Reliability (CR) has a value of >0.7 , meaning that the construct is well-built or is reliable (Hair *et al.*, 2019). The results of the construct reliability test of the data in this study are presented in the following Table 3.

Table 3. Construct Reliability

Variable	Cronbach's Alpha	Composite Reliability
Cooperative Performance (KK)	0.957	0.964
Transactional Leadership (KT)	0.916	0.941
Business Environment (LB)	0.933	0.949
Integrated Member Participation (PAT)	0.888	0.924

Source: SmartPLS 3.0

Structural Model Analysis (Inner Model)

Coefficient of Determination (R²)

The R-Square values in this study are presented in the following Table 4.

Table 4. R-Square

Variable	R Square
Cooperative Performance (KK)	0.953
Transactional Leadership (KT)	-
Business Environment (LB)	-
Integrated Member Participation (PAT)	-

Source: SmartPLS 3.0

The results of R² of 0.67; 0.33; and 0.19 indicates that the model is "good", "moderate", and "weak" respectively (Hair *et al.*, 2019). Based on Table 4, the Adjusted R-Square value for the cooperative performance variable is 0.953, meaning that the percentage effect of the transactional leadership, business environment, and integrated member participation variables is 95.30% and the model is categorized as good.

Predictive Relevance (Q²)

The Q² value has the same meaning as the coefficient of determination (R-Square). A Q Square (Q²) value of 0 indicates the model has predictive relevance; conversely, a Q² value of less than 0 indicates that the model has less predictive relevance; or in other words, if all the Q² values are higher, the model can be considered more fit to the data(Hair *et al.*, 2019). The Q² values in this study are presented in the following:

$$Q^2 = 1 - (1 - R_1^2)(1 - R_2^2) \dots (1 - R_n^2)$$

$$Q^2 = 1 - (1 - 0.953)$$

$$Q^2 = 1 - 0.047$$

$$Q^2 = 0.953$$

The calculation results show a Q² value of 0.953, meaning that the variables under study can be explained by this model and the remaining 0.047 are affected by other variables that are not tested (examined).

Analytics Hypothesis

The results of hypothesis testing are presented in the following Table 5:

Hypothesis 1

The first hypothesis, positing that transactional leadership exerts a significant effect on the performance of oil palm cooperatives, is accepted. This conclusion is supported by p-value of <0.05 and t-statistic value of > 1.96 , indicating that transactional leadership indeed enhances the performance of oil palm cooperatives. This outcome aligns with the tenets of resource-based theory, suggesting that effective leadership provided by cooperative administrators positively affects cooperative performance. A conducive and supportive business environment further contributes to enhancing cooperative performance. These findings are consistent with previous studies (Abdelwahed *et al.*, 2021; Ahmed *et al.*, 2021; Alheet *et al.*, 2021; Chang and Jeong, 2021; Khan *et al.*, 2021; Maheswari, 2021; Mwakajila and Nyello, 2021; Rath *et al.*, 2021; Young *et al.*, 2020), which similarly assert that transactional leadership exerts a positive and significant effect on cooperative performance.

Hypothesis 2

The second hypothesis, positing that the business environment exerts a significant effect on the performance of oil palm cooperatives, is accepted. This conclusion is supported by p-value of <0.05 and t-statistic value of > 1.96 , indicating that the business environment indeed enhances the performance of oil palm cooperatives. This outcome aligns with the tenets of resource-based theory, suggesting that a favorable business environment can contribute to enhancing the performance of oil palm cooperatives. These findings are consistent with previous studies (Asad *et al.*, 2020; Doan *et al.*, 2020; Juárez and Vergara, 2021; Khan *et al.*, 2019; Maseda *et al.*, 2019; Palomo *et al.*, 2019; De-Lema *et al.*, 2019; Tang *et al.*, 2020; Tran and Pham, 2020; Yang *et al.*, 2020), which underscores the effect of the business environment on cooperative performance.

Hypothesis 3

The third hypothesis, positing that integrated member participation moderates the effect of transactional leadership on the performance of oil palm cooperatives, is accepted. This conclusion is supported by p-value of <0.05 and t-statistic value of > 1.96 , indicating that integrated member participation moderates the effect of transactional leadership on cooperative performance.

Table 5. Hypothesis Test Results

	Original Sample (O)	T Statistics (O/STDEV)	P Values	Information
Transactional Leadership->Cooperative Performance	0.405	3.735	0.000	Accepted
Business Environment-> Cooperative Performance	0.733	10.738	0.000	Accepted
Moderating Effect 1 -> Cooperative Performance	0.701	8.983	0.000	Accepted
Moderating Effect 2 -> Cooperative Performance	0.715	9.476	0.000	Accepted

Source: SmartPLS 3.0

This outcome aligns with the tenets of resource-based theory, suggesting that active participation in transactions by members who also act as cooperative development consultants can enhance cooperative performance. As transactional leadership directly affects cooperative performance and integrated member participation moderates this relationship, integrated member participation serves as a quasi-moderator.

Hypothesis 4

The fourth hypothesis, positing integrated member participation moderates the effect of the business environment on the performance of oil palm cooperatives, is accepted. This conclusion is supported by p-value of <0.05 and t-statistic value of > 1.96 , indicating that integrated member participation moderates the effect of the business environment on cooperative performance. This outcome aligns with the tenets of resource-based theory, suggesting that active participation in transactions by members who also act as cooperative development consultants can enhance cooperative performance. As the business environment directly affects cooperative performance and integrated member participation moderates this relationship, integrated member participation serves as a quasi-moderator.

Conclusion

This study aims to strengthen the resource-based theory by proposing a conceptual model encompassing cooperative performance, transactional leadership, the business environment, and integrated member participation. The research findings indicate that all four proposed hypotheses are accepted. Notably, the most effective path in enhancing cooperative performance is the business environment, as evidenced by its significant total effect compared to other paths tested/examined in the study. Thus, it can be inferred that this model contributes to strengthening the resource-based theory. From a managerial standpoint, one of the key strategies for enhancing cooperative performance is to reinforce the role of integrated member participation. Therefore, oil palm cooperatives in Indragiri Hulu, Riau, Indonesia, should prioritize increasing member involvement by engaging them as consultants for cooperative development initiatives.

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