The Impact of People in Cooperation on Cooperative Management of the Private Sector

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Abstract

Cooperation among employees is one of the main determinants of a successful business because people are the main protagonists of cooperative management. Therefore, organizations have to give more attention to establish a cooperative management. This study examines the impact of people in cooperation on cooperative management. The research also included recommendations for organization managers, as well as a theoretical basis of cooperative management and people in cooperation, based on a management model developed by Mondragon Cooperation. The SMART PLS3 was used to analyze data collected through the distribution of questioners to employees and academic staff at two private universities in the Kurdistan Region of Iraq. Researchers believe that the presence of integral development and cooperative leadership helps in the implementation of cooperative management by the staff. However, organizations are recommended to strengthening the power of staff and allowing them to practice the role of managing, as well as, being authorized at a certain level in order to increase cooperative conduct between employees and management in terms of organizational management concerns.

Keywords: Cooperation, People Management, Leadership, Smart PLS, Mondragon Model.

1. Introduction

Cooperation may not always be simple to achieve at work but making an effort to do so is essential for creating a productive workplace (Alabass et al., 2019). Some businesses, on the other hand, put pressure on their employees to take on greater responsibilities without considering the repercussions (Mahmood et al., 2019). As a result, a cooperative workplace boosts employee productivity and ensures that tasks are completed efficiently (Raewf & Thabit, 2017). Correspondingly, Conflicts between employees and management will not detract from the value of time in a cooperative workplace (Rohmetra, 2000). Teamwork is an indication of workplace cooperation. The voluntary involvement in an open conversation is the consequence of a cooperative workplace (Raewf et al., 2021). One of the most important responsibilities of managers is to motivate employees, which needs compassion and skills to promote a cooperative environment and decrease conflicts (Decoene & Bruggeman, 2006).

Sometimes executives do not really recognize how to assemble an extremely successful team. The foundation of teamwork is cooperation, and it is indeed a part of every team that wishes to succeed (Raewf & Thabit, 2015). As a result, cooperation refers to a group of persons employed together for the benefit of all.

Researchers, on the other hand, investigate the importance of employee cooperation in gaining in-depth knowledge and enhancing the conceptual base. Besides, statistical analysis is being used to determine the elements that influence employee cooperation.

However, the elements that influence attaining cooperation at work are not well explained. Therefore, the cooperative management model was established and assumed that cooperative management can be achieved if the employees were working with the availability of team spirit, dedicated co-owners, cooperative conduct, leadership, and integral development those factors need to be measured in order to understand the relation between these factors and cooperative management.

In addition, the objectives that this research is willing to achieve are investigating the relationship between people in cooperation and cooperative management, attempting to provide recommendations to in-charge managers who want to create a cooperative workplace, as well as providing a theoretical foundation for the influencing variables on cooperative management.

2. Literature Review and Hypotheses Development

2.1. Cooperative Management
Cooperation was originally employed in business in the mid-twentieth century, when it was described as a group of individuals who got together voluntarily to reach their desires to manage their enterprises, and it was classified as follows: The principal company activity, the market, and the ownership (Zeuli & Cropp, 2004).

Cooperative management, according to some researchers, is a strategy for managing and expanding collaboration in a world of global competition (Lafleur, 2005), (Thabit & Jasim, 2019). On the other hand, others believe that it is a strategy to achieve creativity as well as promote the activities and efforts of people (Dögl & Holtbrügge, 2014). Whereas Raewf *et al.* (2021) think that cooperative management is a viable solution to the workplace management problem. Though, for the purpose of achieving that the United States Agriculture Department (USDA) shed light on three elements for management (USAD, 1997):

- Capital: It serves as the foundation for all financial activities.
- People: It is recognized as a major source, due to its importance in achieving cooperation and all the needed actions rely on people
- Facilities: It covers all of the tools that employees will need to work together.

As stated by Raewf and Mahmood (2021), establishing cooperation may provide management with benefits such as improved relationships between suppliers and buyers, improved communication, the opportunity to manage the internal environment, and project execution (Thabit & Jasim, 2017). Furthermore, Cooperation will not be achieved unless the essential principles are maintained, as stated by the International Co-operative Alliance (ICA) (Guidance Notes for Cooperative Principles, 2015).

2.2. Cooperative Core Principles
The ICA approved the basic principles and values of cooperatives in 1995, and they are the same all around the world. Such principles may be linked back to 1844, when Rochdale, England's first modern cooperative, was established. The following are the stated principles (Guidance Notes for Cooperative Principles, 2015):

- Voluntary and open membership: Regardless of religious or political beliefs, anybody who decides to join and become a member is free to volunteer.
- Justice: Men and women alike participate in events, make decisions, and exercise all rights (voting) in the organization's governing decisions.
- Member's participation in economic: When the essential actions are supported, all members can profit from the cooperative capital and contribute to the cooperative capital.
- Independency: Members of an organization (government or private) should ensure their independence in terms of controlling their obligations when they sign a contract with the organization.
- Development: Participants should be supplied with the required knowledge and training programs to educate them on the intended degree of collaboration during the procedures of selecting frontrunners, staff, and actions.
- Teamwork: Members acquire influence on a local and global level when they cooperate together.
- Community concerns: The roles, policies, and instructions should all aim to offer the best possible service to their members, which will benefit the community.

2.3. Corporate Management Model (Mondragon Model)

A corporate management model has been created by the Mondragon cooperative organization. The Mondragon model combines economics and business by creating a cooperative work environment to stay ahead of the competition. The Mondragon model is made up of circle structures (cycles), each of which reflects a critical component for the cooperative process to start. Individuals who are in charge of the cooperative process are shown in the second circle (Mondragon Corporation, 2012). Figure 1 demonstrates the Corporate Management Model (Mondragon Corporation, 2012).
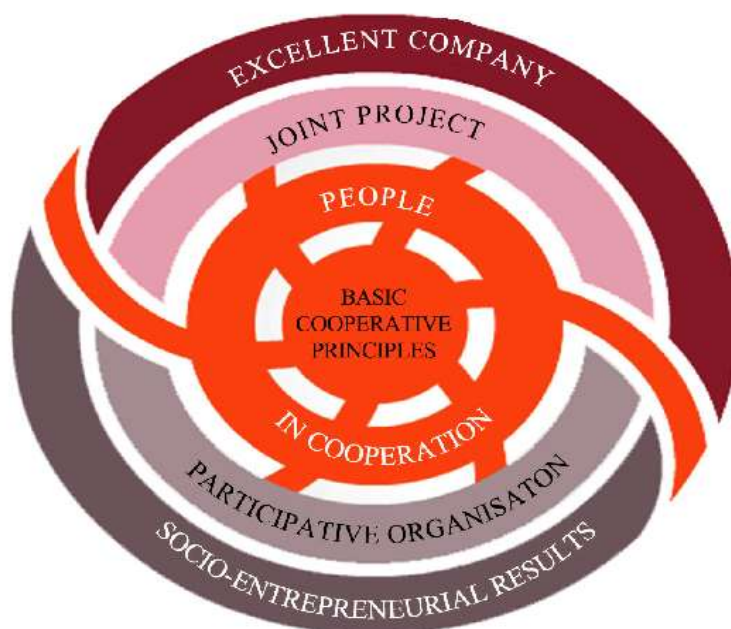

Figure 1. Corporate Management Model (Mondragon, 2012).

Consequently, certain conditions must be met in order for people to carry out the needed procedure, and those conditions are as follows (Mondragon Corporation, 2012):

- Team Spirit: staff should feel themselves as part of the team and they have to understand that their personal development is linked to the development of the team (Uzoamaka *et al.*, 2015).
- Dedicated Co-owners: let employees feel like they are the owners of the business and think about the future with taking responsibility, as well as participating in implementing projects.
- Cooperative Conduct: allow employees to be engaged with the management to share their knowledge and experience.
- Leadership: let employees to exercise leadership by being committed to firm values, practicing positive attitude, and being respondent to change and innovation.
- Integral Development: providing employees the opportunities to improve their skills in different aspects and ensure the availability of health and safety at work.

  Based on the above literature the following hypotheses can be developed:

  H1: the team spirit of employees has a significant impact on cooperative management.

  H2: the dedicated co-owners of employees has a significant impact on cooperative management.

  H3: the cooperative conduct of employees has a significant impact on cooperative management.

  H4: the leadership of employees has a significant impact on cooperative management.

  H5: the integral development of employees has a significant impact on cooperative management.

3. Research Method and Data Analysis

Both qualitative and quantitative methods were used in the research. There was a mix of primary and secondary data. Researchers used a two-sectioned questionnaire to collect primary data. The first section is about demographic questions, while the second section contained 25 questions regarding the research variables. However, the questionnaire has been distributed to employees and the academic staff of two private universities operating in the Kurdistan Region of Iraq. SMART PLS3 was used to do the analysis. Secondary data was also collected from books, journals, and internet.

3.1. Demographic Data

Table 1 summarizes the demographic data for the study. However, the research sample size was 132 responses out of 375 study participants.

Table 1. Demographic Data.

Factors	Sub-factors	Percentage
Age	Less than 25	5.3%
	26 – 35	37.8%
	36-46	30.4%
	More than 46	26.5%
Gender	Male	69.6%
	Female	30.4%
Experience	1- 5 year	25.8%
	6- 10 year	27.3%
	11- 15 year	19.6%
	More than 15 years	27.3%

3.2. Measurement Model

To assess the reliability and validity of instruments, we utilized convergent validity and discriminant validity, as follows:

3.2.1. Convergent Validity:

Said by Hair *et al.* (2014), the construction loading should be more than 0.70; this also applies to composite reliability. The Average Variance Extracted (AVE) should be more than 0.50 in order to establish convergent validity. However, in this study, all of the item loadings were more than the minimum. Figure 2 and Table 2 show that DC3 has the lowest loading (0.711), whereas ID2 has the greatest loading (0.975). All variables exceeded the necessary level of 0.5 in terms of AVE. Dedicated co-owners had the lowest AVE value (0.629), while cooperative conduct had the highest (0.865). To examine internal consistency and the reliability of all items, this study used CR and Cronbach's Alpha. As shown in Table 2, the validity and reliability findings were adequate.

Table 2. Validity and Reliability.

Constructs	Items	Factor Loading	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Cooperative Conduct	CC1	0.973	0.948	0.962	0.865
	CC2	0.913			
	CC3	0.917			
	CC4	0.916			
Dedicated Co-owners	DC1	0.856	0.851	0.894	0.629
	DC2	0.766			
	DC3	0.711			
	DC4	0.849			
	DC5	0.773			
Cooperative Management	CM1	0.922	0.937	0.954	0.84
	CM2	0.875			
	CM3	0.937			
	CM4	0.93			
Integral Development	ID1	0.861	0.916	0.942	0.802
	ID2	0.975			
	ID3	0.85			
	ID4	0.89			
Leadership	L1	0.795	0.824	0.88	0.647
	L2	0.785			
	L3	0.823			
	L4	0.814			
Team Spirit	TS1	0.886	0.875	0.91	0.718
	TS2	0.837			

	Cooperative Conduct				
TS3	0.802				
TS4	0.862				

3.2.2. Discriminant Validity:

To evaluate if a construct discriminates against other constructs in the same model, discriminant validity is required. The Fornel-Larcker test identifies the latent variable that explains its indication better than other latent variables and is the first method to assess discriminant validity (Fornell & Larcker, 1981). Table 3 shows the Fornel-Larcker criterion for discriminant validity.

Table 3. Fornell–Larcker Criterion Discriminant Validity.

	Cooperative Conduct	Dedicated Co-owners	Cooperative Management	Integral Development	Leadership	Team Spirit
Cooperative Conduct	0.93					
Dedicated Co-owners	0.683	0.793				
Cooperative Management	-0.134	-0.201	0.916			
Integral Development	-0.16	-0.109	0.455	0.895		
Leadership	-0.091	-0.153	0.774	0.399	0.805	
Team Spirit	0.257	0.158	-0.083	-0.167	-0.047	0.847

The heterotrait-monotrait (HTMT) correlation ratio, which had to be less than 0.90, was the second method of discriminant validity (Gold et al., 2001). Table 4 indicated that all of the values were less than 0.90, suggesting that the data did not have a discriminant validity problem.

Table 4. HTMT Discriminant Validity.

	Cooperative Conduct	Dedicated Co-owners	Cooperative Management	Integral Development	Leadership	Team Spirit
Cooperative Conduct						
Dedicated Co-owners	0.77					
Cooperative Management	0.139	0.225				
Integral Development	0.17	0.126	0.481			
Leadership	0.099	0.181	0.841	0.445		
Team Spirit	0.271	0.18	0.086	0.18	0.086	

3.2.3. Structural Model

As the second step of PLS, the structural model was assessed. This step is accomplished through bootstrapping. The structural model could be determined using a variety of approaches. However, in this study, the p-value was initially analyzed to determine the hypothesis testing findings. The next step was to figure out what the R^2 and Q^2 were.

The R^2 indicates how much of the variance in an internal variable can be explained by external factors. Figure 2 shows the R^2 value of 0.631. The Q^2 (Blindfolding) value indicated the overall influence of an endogenous variable, and it should be larger than zero (Henseler et al., 2009). The value of Q^2 was 0.513, which was deemed acceptable. The structural model is depicted in Figure 2, and Table 5 shows the findings of the hypothesis testing. When the hypothesis is tested at 5% error, 95% confidence level, and p-value 0.05, the t-statistics should be higher than 1.96 to accept the hypothesis.

The first presented hypothesis was that team spirit of employees has a significant impact on cooperative management. The t-statistics in this study was $0.218 > 1.96$ and the p-value was $0.414 > 0.05$, indicating that the first hypothesis was rejected. The second hypothesis proposed was that dedicated co-owners of employees has a significant impact on

cooperative management. The second hypothesis was rejected since the t-statistics 1.255 < 1.96 and the p-value 0.105 > 0.05. The third hypothesis was cooperative conduct of employees has a significant impact on cooperative management. The t-statistics was 0.28 < 1.96 and the p-value was 0.39 > 0.05. Therefore, the third hypothesis is rejected. Meanwhile, the fourth hypothesis which is leadership of employees has a significant impact on cooperative management. The p-value 0.000 < 0.05, and the t-statistics was more than 1.96; thus, H4 was accepted. The fifth hypothesis was integral development of employees has a significant impact on cooperative management. This hypothesis was accepted because the t-statistics 2.976 > 1.96 and the p-value 0.002 < 0.05.

Table 5. Result of Hypotheses.

|	B	Sample Mean	Standard Deviation	T Statistics	P Values	Decision
Cooperative Conduct -> Cooperative Management	0.019	0.015	0.069	0.28	0.39	Rejected
Dedicated Co-owners -> Cooperative Management	-0.087	-0.085	0.069	1.255	0.105	Rejected
Integral Development -> Cooperative Management	0.17	0.166	0.057	2.976	0.002	Accepted
Leadership -> Cooperative Management	0.694	0.696	0.042	16.489	0	Accepted
Team Spirit -> Cooperative Management	-0.014	-0.023	0.063	0.218	0.414	Rejected
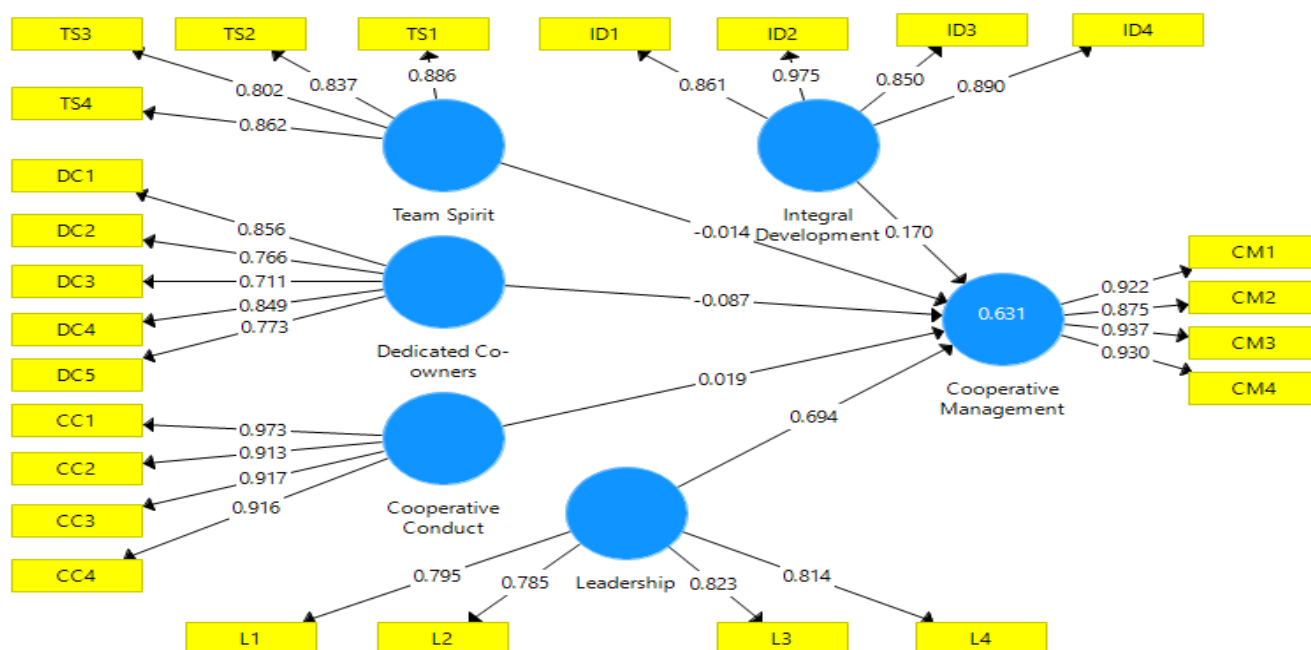
Figure 2. Structural Model.

4. Conclusion and Recommendations

4.1. Conclusion
Researchers came at the following conclusions based on their study and literature review:
- Leadership and staff development have a tremendous influence on cooperative management.
- Even if it is at an early stage, the presence of integral development and cooperative leadership supports the implementation of cooperative management by the staff.
- The researchers identified some reasons beyond the unsuccessful cooperation:
  - The staff are not permitted to share their opinions on any corporate decisions.

- o Organizations do not fully utilize their employees' leadership talents or willingness to offer something beneficial to their business.
- o Because of the limitations of employees' cooperative conduct and the lack of support in the internal environment, the adoption of such cooperation will be ineffective.

4.2. Recommendations

The following are the researchers' recommendations, according to the study's conclusion:

- In terms of management and authority, increasing employee power and skills.
- In terms of concerns pertaining to the organization's management, encourage staff and management to work together.
- Top management's non-exclusivity involves issuing some directives that define work styles without seeking employee participation in them.
- Encourage staff to work together in solving problems by sharing knowledge and assisting one another.

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